



LOMBARD

\$100bn. hole in energy spending

BY ANTHONY HARRIS

ONE PERSISTENT theme in the IMF recession talk last week was the failure of a number of governments to keep their spending in line with plans...

OPEC surplus

About three years ago I did a rough addition of the spending proposed in the main industrial countries, and reached a rather striking total of \$100-120bn...

It is true that not all the problems involved are economic. Public radiation phobia looks like dying hard, in spite of the familiar facts...

GOLF

Oosterhuis loses to Irwin by one hole in first round

THE WEEPING RAIN pouring down on Wentworth's Burma Road West Course last night was a fitting setting for the first round of the inaugural Colgate world match play championship...

Biggest upset In the other matches, last-minute substitute Hugh Baiocchi of South Africa beat the defending champion, Australia's David Graham...

On the way home to lunch Oosterhuis handed out a full wedge shot for an eagle two at the 37th yard 11th hole to take the lead for the first time...

BY BEN WRIGHT

Hindley could win with Qualitair and Moon Sammy



Hale Irwin (left) beat Peter Oosterhuis on 36th green.

JEREMY HINDLEY, who bids to complete the Antuan Double Leap to a head at Leopardst through Neary a Hand at Newmarket...

LINGFIELD 2.00—Great Escape 2.20—Malbec 3.00—Calibration 3.20—Moon Sammy 2.00—Qualitair 2.20—Tavrina 3.00—Petard 2.20—Crack of Light 4.00—Thomas More 4.30—Silver Steel

BY ALEC BEILBY

Flyer sets record for first leg of round-world race

THE DUTCH ketch Flyer finished the first leg of the Whitbread Round-the-World Race at Cape Town...

CAPE TOWN, Oct. 5. showed she was well within striking distance of Cape Town for victory deadline next Saturday...

YACHTING

Five days ago, these two yachts, which carry identical handicaps, were in sight of the Cape...

BY ANTONY THORNCROFT

Advantage "We had them in our sights the whole way and both yachts were hard on the wind for the whole 2,700 miles from the Equator to the finish..."

TV/Radio

BBC 1 6.40 a.m. Open University (UHF only) 9.41 For Schools... 10.45 On the Move... 11.00 For Schools...

8.00 The New Avengers. 9.00 The Fuzz. 9.30 This Week. 10.00 News. 10.15 Supermarket and the Bride...

Report West. 6.15 Report Wales. 6.30 Get Some! 7.00 All in the Game. 7.30 You're Only Young Twice...

1.50 a.m. BBC Scotland. 2.00 Women Only. 4.05 Dymond. 2.00 Women Only. 4.05 Dymond...

F.T. CROSSWORD PUZZLE No. 3485

Crossword puzzle grid with numbers 1-31 and letters A-Z.

ACROSS 1 Current claim to fatherhood in Franzlians (6) 4 Consecrated greeting to the Benedict (8)...

BBC 2

6.40 a.m. Open University. 9.30 Labour Party Conference. 11.00 Play School. 11.05 Labour Party Conference...

CHANNEL

1.30 a.m. Channel 4. 2.00 Women Only. 4.05 Dymond. 2.00 Women Only. 4.05 Dymond...

YORKSHIRE

1.30 p.m. Calendar News. 4.20 The South. 4.30 The South. 4.40 The South...

DOWN

1 Weapons to deposit in Cardiff (4, 4) 2 Burlesques disappear in a Greek island (8)...

LONDON

9.20 a.m. Schools Programmes. 10.45 Felix the Cat. 12.00 Animal Kwackers. 12.10 p.m. Anzelm Stones...

GRANADA

1.30 p.m. Calendar News. 4.20 The South. 4.30 The South. 4.40 The South...

YORKSHIRE

1.30 p.m. Calendar News. 4.20 The South. 4.30 The South. 4.40 The South...

RADIO 1

6.45 a.m. As Radio 2. 7.00 Wood. 7.15 Wood. 7.30 Wood. 7.45 Wood...

RADIO 2

6.45 a.m. As Radio 2. 7.00 Wood. 7.15 Wood. 7.30 Wood. 7.45 Wood...

RADIO 4

6.45 a.m. As Radio 4. 7.00 Wood. 7.15 Wood. 7.30 Wood. 7.45 Wood...



EUROPEAN NEWS

Italian parties agree to avoid danger of local polls

BY DOMINICK J. COYLE

IMPORTANT local elections, due to be held next month, have been postponed until the late spring of 1978, thus removing what could have been a serious threat to the life of the present minority Christian Democrat government of Sig. Giulio Andreotti.

New orders indicate W. German economic ills overstated

BY ADRIAN DICKS

A 33 per cent increase in road-building orders, in particular, suggests that the chronically under-employed construction sector may already have felt some benefit from the Government's DM16.5bn. medium-term investment programme launched in March, although ministers have been complaining that it has taken too long for this to be translated into new orders by local authorities.

Barre cautions employers on pay and prices control

BY DAVID CURRY

A STERN warning about the need for continued discipline in the limitation of price and wage increases was given by M. Raymond Barre, the French Prime Minister, in an address to employers from the Paris region yesterday.

More austerity for Portugal

BY OUR OWN CORRESPONDENT

SR. SOUSA GOMES, the Portuguese Planning Minister, said today on his return from the meetings of the International Monetary Fund and the World Bank in Washington that the government must reduce its budget deficit further to satisfy demands from foreign lenders, actual and potential.

New gas deposits figure

BY JONATHAN CARR

MOBIL OIL AG of West Germany said today it believed the country may have much bigger natural gas reserves than official estimates have so far suggested.

Bonn joins human rights chorus

BY REGINALD DALE, EUROPEAN EDITOR

WEST GERMANY and Sweden joined the mounting chorus of Western disapproval of human rights violations by the Soviet Union and other East-bloc countries at the 35-nation Belgrade Conference on Security and Co-operation in Europe yesterday.

Schilling recovery lifts reserves

BY PAUL LENDVAI

PRESENTING the Government's DM100 dropping to 718.85 from 714.75 schillings yesterday and the 714.75 last Friday.

WANTED MAIN SPONSOR—FORMULA 1

Swedish Grand Prix will take place June 16-18, 1978 in Anderstorp, Sweden. We celebrate our 10th year as organiser of multinational automobile sport and want to find a partner as main sponsor.

BUNZL PULP & PAPER LTD Interim Report 1977

Table with 3 columns: Item, Six months to 30th June 1977, Year 1975. Rows include Sales, Trading surplus, Share of associates' surplus, Net interest and dividends, Group surplus before taxation, Taxation, Group surplus after taxation, Minority interests, Earnings for shareholders, Extraordinary items net of currency losses or gains, Earnings per share, Dividends per share, Gross equivalent.

U.S. ROASTS LESS COFFEE

Gordon Paton reports that green coffee roasted in the U.S. this year up to September 24, including that used for soluble production, fell 28.4 per cent to 10,295,000 bags from 14,370,000 bags in the same period last year.

THE EAST GERMAN ECONOMY Hard currency times

EAST Germany's Communist Party is taking a risk, an unusual move for the normally cautious and security-conscious leadership of the country. The gamble is that the current surge of discontent among East Germans over the Government's economic measures will subside.

Dutch coalition problem

BY MICHAEL VAN OS

ATTEMPTS to form a new coalition Government in Holland have run into fresh difficulties, with the two major parties concerned quarrelling over the distribution of Cabinet portfolios.

Now your international customers can dial you toll-free from Zurich, Geneva, Madrid, Amsterdam, Frankfurt, Brussels, Barcelona, and Bahrain.

Fidelity Pacific Fund S.A. Notice of Annual General Meeting of Shareholders. Includes details of the meeting, agenda, and contact information for the fund.

AMERICAN NEWS

Schultze foresees need for tax cuts

WASHINGTON, Oct. 5. TAX CUTS may be needed to stimulate flagging consumer demand next year, Mr. Charles Schultze, the chairman of the Council of Economic Advisers (CEA), said in Detroit yesterday.

Mr. Schultze was in his customary optimistic mood, insisting that fears of either "substantially slower economic growth" or even an "outright recession" were "unwarranted."

Carter calls meeting on crisis in steel industry

RESPONDING to mounting political pressures at home, the Carter administration today called a top level meeting of Congressmen, steel industry executives and labour leaders for Thursday of next week.

The decision to call the meeting is clearly an attempt to head off some of the severe political pressure which the President is under to stem the tide of foreign steel imports which are capturing close to 20 per cent of the U.S. market and which industry leaders are blaming for the spreading unemployment and financial problems in the industry.

Senate votes to deregulate gas price

WASHINGTON, Oct. 5. THE U.S. Senate finally made up its mind yesterday on the issue of natural gas prices and voted by a small majority to deregulate the price of gas completely within two years.

The vote, which came at the end of 14 days and one whole night of filibuster by opponents of deregulation, was a serious rebuff for the Administration. But it is by no means the end of its attempts to continue regulation of natural gas.

Wells Fargo lifts prime rate to 7 1/2%

NEW YORK, Oct. 5. IN A move which has confirmed fears on Wall Street of rising interest rates, Wells Fargo Bank (the 13th largest U.S. commercial bank, with assets of nearly \$13bn.) has announced an increase in its prime lending rate from 7 1/4 to 7 1/2 per cent.

TriStar plant strike threat

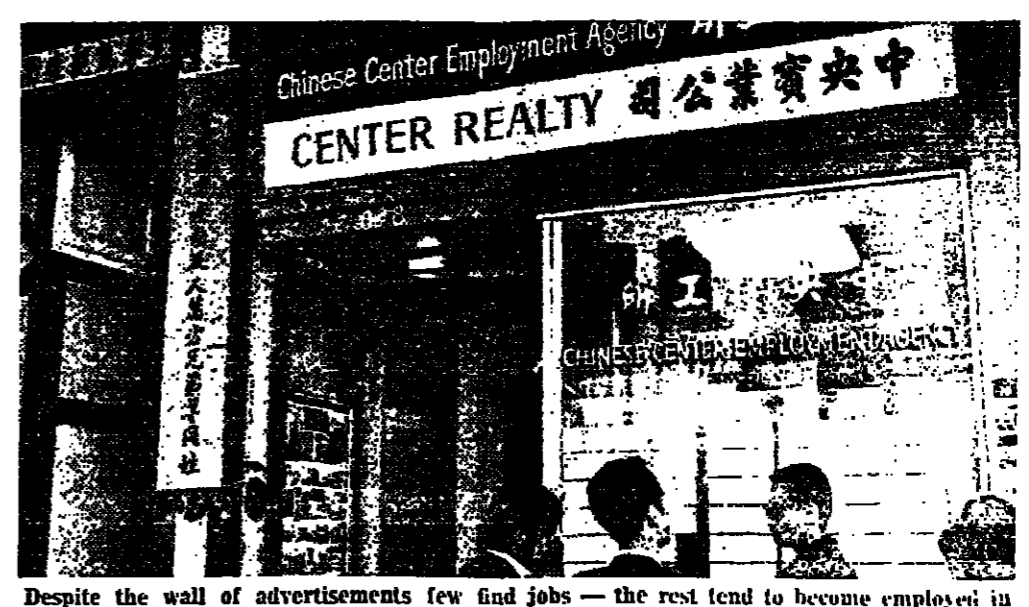
NEW YORK, Oct. 5. MEMBERS of the International Association of Machinists and Aerospace Workers' Union have called a week-end meeting to decide whether to strike at Lockheed's aircraft plants, including the one which makes the TriStar jet.

Peru election date named

LIMA, Oct. 5. THE PERUVIAN government scheduled for next year elections to a constitutional convention which would prepare for a return to civilian rule within four years.

Imported cars sell well in U.S.

NEW YORK, Oct. 5. NEW U.S. car sales rose by imported cars increased by close an estimated 4 per cent in September, compared with September, 1976, largely because of a further strong gain by imported models.



Despite the wall of advertisements few find jobs — the rest tend to become employed in extortion rackets.

RISING CRIME IN SAN FRANCISCO Chinatown's gang violence

PROBABLY no other American city enjoys the romantic reputation of San Francisco, with its hills, bridges and cable cars and its ethnic and cosmopolitan charms. But this year it has been a city facing a wave of random crime.

While serious crime was down 1 per cent in the U.S. last year, FBI figures show San Francisco posted a 22 per cent increase. An undermanned police force is being stretched thin, residents are adopting a fortress mentality most usually identified with New York or Detroit and local political leaders are feeling the heat of citizen concern.

Violent crime has showed no signs of easing this year. San Francisco recorded 145 murders in 1976 and this year it has been averaging nearly a murder a day, a pace that will put it far ahead of last year's record number of homicides. Attacks and slayings have spilled over from the city's crowded ghetto areas into busy central sections and even fashionable residential districts.

When it comes to quality there is no compromise.



A question of survival!

And so it is! As a truck manufacturer we know the score. We know that trucks are not bought for their good looks and attractive colours. Trucking is business, big business, and hauliers are keen businessmen.

DAF Trucks is very well aware of this, and has developed a strategic policy to provide exactly what the hauliers want — quality. From the drawing board to the very last nut and bolt, quality of component, quality of manpower.

DAF Trucks



For further information DAF Trucks, Sales Promotion and Advertising Department, P.O. Box 1055, Eindhoven, Holland. Tel. 040-149111.

OVERSEAS NEWS

WORLD TRADE NEWS

Indonesia acts to end the 12-month investment queue

BY OUR OWN CORRESPONDENT
TWO DECREES signed by President Suharto this week should eliminate the 12 to 14 months waiting period for investment application approval that potential foreign investors have had to suffer up till now.

Rhodesia talks in London next week

LI. Gen. Prem Chand, the newly appointed special United Nations representative for Rhodesia, is expected to visit London towards the end of next week for consultations with Lord Carver, the British Resident, Commissioner designate for the country under Foreign Staff writes.

Italian minister for talks in Moscow on credit line

BY PAUL BETTS
FOLLOWING the latest round of Italo-Soviet talks here, there are indications that some progress has been made in the protracted negotiations for a new \$850m. Italian export-credit line to Moscow.

Swedish car sales down 16%

BY WILLIAM DUFFLOR
STOCKHOLM, Oct. 5. THE SWEDISH car market shrunk by 16 per cent in the first nine months of this year, according to the latest figures from the Swedish Association of Car Manufacturers.

Queensland calls elections

By Kenneth Randall
CANNBERRA, Oct. 5. STATE elections have been called in Queensland for November 12, further complicating calculations on the likelihood of national general elections this year.

Japan asks Algeria to return hijack terrorists

BY CHARLES SMITH
TOKYO, Oct. 5. JAPAN HAS "expressed the hope" that Algeria will return to it the five Red Army hijackers of the Japan Air Lines DC8 aircraft and their six fellow hijackers who were released from Japanese jails last week.

S. African politician quits

Sir De Villiers Graaff, leader of the South African opposition for more than 20 years, has announced he is quitting politics.

Koni U.S. plan to go ahead

BY MICHAEL VAN OS
AMSTERDAM, Oct. 5. THE management of Koni, the Dutch ITT subsidiary manufacturing shock absorbers, has informed its staff that it is going ahead with its controversial plan to establish a similar new plant in the U.S. to supply the growing North American markets.

Canadians win Algerian deals

CANADIAN BECHTEL is expected to sign a contract shortly to manage construction of a large-scale oil and gas separation unit in Algeria, our Montreal correspondent writes.

THAILAND'S STRONG MAN A year of tough action

BY DAVID HOUSEGO, RECENTLY IN BANGKOK
THE MILITARY-backed regime of Mr. Thanin Kraivichien, Thailand's Prime Minister, today celebrates one year in power in a country that has run through seven Governments between 1974-78, that is no mean achievement.



Thanin Kraivichien: Iron-fisted reformist style.

Backlash over Gandhi

NEW DELHI, Oct. 5. Political observers here believed the home minister's move against Mrs. Gandhi—six months after the Government came to power—had been ineptly handled.

Chinese port delays improve

BY COLINA MACDOUGALL
DELAYS at Chinese ports had only improved slightly since last year, Mr. Klaus Rickmers, chairman of Rickmers Line A.G., said in London yesterday.

Abu Dhabi airport

The French engineering company Spie Batignolles and E.L.T. of Finland have been awarded a contract worth \$28.7m for work on the new Abu Dhabi international airport which involves the construction and installation of a power house.

A'leration of Bhutto pressure

A former Pakistani policeman who has already admitted murder in connection with which Mr. A. Bhutto, the former Premier of Pakistan, is under investigation—has said that he is under pressure by Mr. Bhutto's counsel to sign a confession.

Comecon lifts transit rates

By A. H. Hermann
A SUBSTANTIAL increase in the transit tariffs of Comecon railways has come into force and will be followed by a 25 per cent increase in Danube freight rates on January 1, 1979.

Japan TV change likely

TOKYO, Oct. 5. THE LAYOFF of workers at Zenith Radio of the U.S. was not due to active exports of Japanese colour television sets, the Electronic Industries Association of Japan claims.

Nigerian hotel

The authorities of Plateau State, Nigeria, have placed an order with the Swiss civil engineers Elektrowatt Ingenieurunternehmung, for the building of a 600-bed hotel in the state capital Jos.

Seychelles inquiry

Seventy diesel engines bound for the Seychelles while an investigation is made of their origin, informed sources said yesterday.

Tanzanian expulsions

Tanzania has expelled more than 200 Kenyan farmers living in the border highlands near Mount Kilimanjaro, the Kenya News Agency reported yesterday, says Reuter in Nairobi.

Egyptian project

Thomson-Brandt is reported to be setting up a joint venture project with the Egyptian company Ideal to modernise and build household electrical equipment factories in Egypt.

Under a tight

Under a tight... a tight...

Arms for Ethiopia

The three Arabic newspapers in Cairo yesterday printed identical reports saying that Benghazi harbour in Libya has been closed for more than a week to unload large quantities of Soviet weapons destined for Ethiopia.

South Korea halts growth

SEOUL, Oct. 5. SOUTH KOREA'S heavily export-oriented textile industry has been ordered by the Government to refrain from investing in the establishment or expansion of facilities to cope with growing overseas trade protectionism.

Swiss fear imports flood

ZURICH, Oct. 5. THE SWISS Clothing Manufacturers' Association fears that increasing import protectionism on the part of other Western European countries will lead to Far Eastern clothing exporters competing their efforts with the Swiss market.

TEXILES TRADE

Hong Kong attacks EEC plan

HONG KONG'S Governor to-day accused the European Common Market of being financially discriminatory and said a forthcoming bilateral trade agreement could harm Hong Kong's economy.

HOMELAND NEWS

Energy Ministry recruits oil policy critic

BY KEVIN DONE. PROF. PETER ODELL of Erasmus University, Rotterdam, who is one of the most vociferous critics of the way the oil industry is exploiting North Sea oil...

His appointment will shock the oil industry because he has been a well-known thorn in its side. Prof. Odell's main thesis of attack has been to advise the oil companies of deliberately creaming the fields to achieve maximum profitability...

He has contended that there is an appreciable gap between estimates of technically recoverable reserves and the estimates of reserves that are economically recoverable in the light of price, cost and tax considerations.

The Department expects his appointment to bring a fresh and perhaps unorthodox approach to the question of Government regulation of the oil industry.

Workless 'over 1m. until 1982' claim

UNEMPLOYMENT will stay above 1m. until 1982 at least, the Henley Centre for Forecasting stated yesterday. It said in its predictions for the economy in the period 1977-82 that unemployment would keep rising in the next six months and not start to decline until the middle of next year.

Manufacturing industry, faced with a stable exchange rate and a worsening cost position, would find it difficult to generate enough funds for modernisation and expansion.

Mason inches Ulster along

BY GILES MERRITT, IN BELFAST. TALKS on a political solution in Northern Ireland began in Belfast yesterday when Mr. Roy Mason, Northern Ireland Secretary, met leaders of the official Unionist Party.

The two-hour discussion at Stormont Castle is understood to be the first in a series of administrative devolution which Government Ministers and officials will be holding with Ulster's political parties in coming months.

But Mr. Airey Neave, Conservative spokesman on Northern Ireland, has strongly criticised the Government's failure to put forward formal proposals on administrative devolution.

He said yesterday at the end of his two-day visit to Ulster that the Government was "groping". His own meetings with the official Unionists, the moderate Alliance Party and the mainly Catholic Social Democratic and Labour Party had indicated a unanimous view that Mr. Mason should call the parties together for fresh talks.

Yesterday, Mr. Mason announced that last month was the first since 1971 in which no civilians had died from terrorism. The improved security position is expected to help the renewed search for a political settlement.

Government sources say however, that Mr. Mason will concentrate at first on establishing the areas within which the parties are prepared to compromise before attempting to set up inter-party talks.

This preliminary phase of "talks about talks" will probably span the remaining months of this year. The decision to organise the new round of negotiations, follows last week's meeting in London between Mr. James Callaghan and Mr. Jack Lynch, the Irish Premier.

At the end of the Anglo-Irish summit a joint communiqué indicated that, in spite of the British Government's repeated failures to secure a political settlement, further efforts would be made.

Conference to woo investors

BY OUR BELFAST CORRESPONDENT. A CONFERENCE is to be called in London in the New Year to persuade international financiers and industrialists that Northern Ireland has investment possibilities, in spite of its bad world image.

Mr. Roy Mason, Northern Ireland Secretary, and Lord Watkinson, CBI president, have agreed on the initiative in private. They said that Ulster should be prepared for the beginning of an expansion in Western economies.

Mr. Mason will ask the CBI to begin preparations for the seminar when he returns from an industrial promotion tour of the United States in a few weeks' time.

Lord Watkinson, who was in Ulster yesterday, said: "We have to assume that the leaders of the Western world will get economic expansion going again, although there is little sign of it. But if it is so, Northern Ireland must be in early with its package of incentives."

The CBI would wish to see industrialists and bankers from countries like Japan and America attending the conference, which is tentatively scheduled for January. Mr. Mason is ready to send a team of Ulster economic specialists to brief foreign investors on the province's potential.

The conference would be a follow-up to Mr. Mason's recent announcement of improved incentives and grants for overseas investors. Lord Watkinson, speaking at the annual luncheon of the CBI's Northern Ireland council, said: "Despite the euphoric statements from the IMF recently, growth is not proceeding at anything like the rate that will ensure prosperity and real expansion in the long term."

Northern Ireland perhaps could give a lead here. Out of your travel could come not only good for yourselves but some example to the rest of the world. On the pay front, Lord Watkinson said that through the CBI's data bank and its close links with the Department of

Employment, it had knowledge of claims covering 3m. workers. The evidence did not show that the initial asking price on settlements was anywhere near the 10 per cent guideline but most of the small number of settlements reached so far had been within 10 per cent.

Paper makers show caution on Swedish cut in pulp prices

BY MAX WILKINSON. FINE PAPER makers in the U.K. yesterday gave a cautious welcome to this week's announcement by Swedish pulp manufacturers that the price of bleached grades is to be reduced by 530 a tonne.

The announcement was made by two of Sweden's biggest producers, Stora Kopparbergs and Sodra MoDo and other manufacturers are expected to follow suit. The general reaction from U.K. manufacturers was that the price reduction of about 10 per cent would help hard-pressed profit margins as long as the price of paper did not come under similar pressure.

Mr. Tom Corrigan, managing director of Inveresk, which makes fine and specialty papers, said: "To some extent the Swedes are recognising what has been going on unofficially since the North American producers started to cut prices."

French and German manufacturers had been buying pulp cheaper than their U.K. competitors for some time, but this had been offset by the relatively higher paper prices in the U.K. Recently, however, U.K. prices at the lower end of the range, for example, paper for school exercise books, had fallen under the influence of Continental imports.

In this range we think the reduction in the pulp price has already been discounted. It remains to be seen whether prices will hold up at the top of the range. Mr. Corrigan said, Mr. John Adams, director of the British Paper and Board Industry Federation, said that the reduction of pulp prices was "helpful" in view of the spare capacity and low profit margins in the paper making industry.

Return on capital in the industry was only 2 per cent, in 3 per cent. This could be improved only if paper prices were maintained. Sluggish Bowater also described the reduction as "helpful", but said: "The unfortunate thing is that it is probably uneconomic at the new prices, so that they are unlikely to be held for very long."

After optimistic signs of an improving market at the beginning of the year, the British paper makers have faced sluggish demand and the need to cut production to 60 to 70 per cent of capacity in many mills. The profitability of British mills has been low, but not as bad as that of some of the larger mills on the Continent and in Scandinavia where overcapacity and the fall in prices have led to losses.

Institute blocks property groups charge

By John Brennan, Property Correspondent. PROPOSALS to impose depreciation charges for buildings held by property companies were blocked by the Institute of Chartered Accountants in England and Wales at its Council meeting yesterday.

By calling for a rethink of the proposals the institute has almost certainly delayed implementation of new depreciation standards for all accounts until June at the earliest. The institute said after yesterday's meeting that it had "invited the Accounting Standards Committee to give further consideration to the whole question of property investment companies' accounts" before it gave an opinion on the wider proposals for unification of de-

preciation standards throughout industry. This reference back to the Standards Committee confirms that the institute believes the political implications of a head-on clash between accountants and property companies outweigh the advantages of adopting a uniform depreciation system.

The property industry has put up fierce opposition to the depreciation system proposed by the Standards Committee. Many large companies have made it clear that they would accept auditors' qualifications of accounts before adopting what they say is a misconceived principle.

The Institute's referral comes to an eleven-hour reprieve for the property industry, as five of the six major accounting bodies had already accepted the draft proposals without significant opposition.

Academics join Bank forum on economic policy

BY MICHAEL BLANDEN. THE Bank of England is going ahead with plans to establish a forum of leading academic economists to provide a forum for the discussion of major economic and financial issues.

This was agreed yesterday at an initial meeting between 12 top economists and senior representatives of the Bank. They included Mr. Gordon Richardson, the Governor, who was present during the greater part of the fairly short meeting.

It is expected that the first working meeting of the group will take place after the turn of the year. Yesterday's discussions, the Bank said, were taken up with the general proposition that the meetings should continue on a regular basis—they are expected to be quarterly—and with deciding on the necessary arrangements.

The economists, under the chairmanship of Professor R.C. O. Matthews, Master of Clare College, Cambridge, agreed that it would be useful to exchange views with their colleagues in the presence of the Bank team.

The Bank was represented by senior officials including, Mr. Christopher Dow and Mr. John Florde on the home economics side, Mr. John Page, the chief cashier, Mr. David Walker, who recently moved from the Treasury as a business adviser, and the top men in the economic intelligence department.

Barclaycard cuts rate in line with Access

BY MICHAEL BLANDEN. BARCLAYCARD, the credit card organisation run by Barclays Bank, is following the lead of its rival Access in cutting the rate charged to its 3.7m. cardholders on outstanding balances.

The group reduced the interest rate yesterday from the previous 2 per cent, a month to 13 per cent, a month. This is in line with the cut announced last month by Access, run by the other big three banks, which took effect on Saturday.

The Barclaycard reaction has come rather more quickly than expected. The decision to put the cut into effect immediately, the group said, was made to give the benefit to cardholders as quickly as possible.

It will also avoid the danger of borrowers switching to the main competitor if rates stayed out of line with each other for any significant period.

On the pay front, Lord Watkinson said that through the CBI's data bank and its close links with the Department of Employment, it had knowledge of claims covering 3m. workers. The evidence did not show that the initial asking price on settlements was anywhere near the 10 per cent guideline but most of the small number of settlements reached so far had been within 10 per cent.

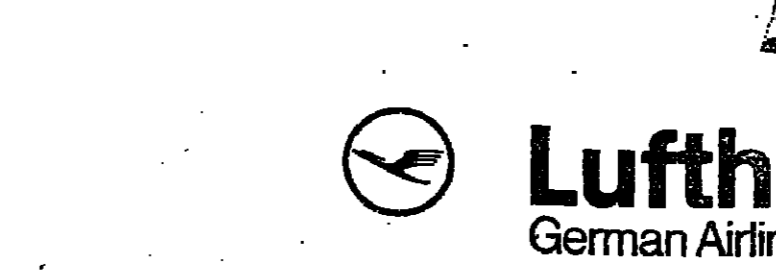
The Northern Ireland engineering firm James Mackie and Sons has been told that export credit guarantees would be withdrawn if it persisted with a large pay award, and Lord Watkinson said that he did not oppose the use of sanctions in principle.

Who helps the British businessman in Heidelberg?



All our 31 local telephone numbers are in the Yellow Book.

In the Lufthansa Yellow Book you'll find not only the telephone number of our local offices which are all over Germany, but also useful information about hotels and travelling times from airports. Visit or phone our local Lufthansa office. Our friendly staff will book you a hotel. Hire you a car. Give you information about the local sites. Ask your travel agent or Lufthansa for the Yellow Book.



More Home News on pages 8, 15, 27

HOMELINE NEWS

Car fuel economy 'can be raised by 50%'

By Kevin Done SHELL scientists studying methods of improving energy conservation believe that cars capable of an improvement in fuel economy of about 50 per cent over the current 20 per cent over the current 20 per cent...

Potato glut causes farm losses

POATOS. almost in the luxury class for the last two years, are now so cheap that farmers face catastrophic losses. In the wake of the price collapse the Potato Marketing Board, aided by the Government, has started buying up surplus potatoes...

British broker aims for Tokyo

ASTLEY PEARCE, leading London foreign exchange broker, is negotiating with the Japanese authorities to become the first overseas broker to open a branch in Tokyo. The company said yesterday that it hoped to develop a "third currency" market in Japan...

U.K. unready to gain from economic zone

BY A. H. HERMANN, LEGAL CORRESPONDENT THE EMERGENCE of the 200-mile economic zone as a broadly accepted rule of international law has overtaken the UN Third Law-of-the-Sea Conference, where agreement has yet to be reached...

Cutlery industry 'faces collapse within five years'

BY LYNTON McLAIn, INDUSTRIAL STAFF THE association has seen the faces of "total collapse" within five years unless Government action is taken to restrict cheap imports from the Far East.

Institutions raise their share of equity holdings

FINANCIAL TIMES REPORTER THE PERCENTAGE of total shareholdings in listed companies owned by individuals has fallen sharply in recent years, offset by a steady rise in the proportion held by financial companies and institutions. This broad trend is shown by a new survey of company share registers conducted by the Department of Industry...

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Vauxhall's Cavalier 1300 goes on sale

BY OUR INDUSTRIAL STAFF THE CAVALIER, Vauxhall's new to import Corinas at the rate of 1300 cc sales volume, is now on sale in the U.K. through the British-made dealers Genk, Belgium, and a further 30 from Cork, in the Republic of Ireland.

Table with 3 columns: Sector, 31.12.65, 31.12.69, 31.12.75. Rows include Personal, Financial companies and institutions, Industrial and commercial companies, Public, Overseas, Total.

As they and Pearce is not permitted to do business in Tokyo... Astley and Pearce has branches in most financial centres including New York, Geneva and Zurich. Its turnover this year is expected to be about £10m.

There are a number of new primary opportunities. These include coal mining under the sea, locating nuclear and power generating plants on artificial islands and the transformation of fishing from hunting to fish farming...

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CITY OF COPENHAGEN Swiss Francs 60,000,000 5% External Loan, 1974/83

Notice is hereby given that a Drawing of Bonds of the above Loan took place at the offices of Morgan Grenfell & Co. Limited on 27th September 1977 attended by Mr. Richard Grant, Mayor of the City of Copenhagen, Secretary of the Loan, and Mr. J. van der Stoep, Secretary of the Swiss Francs 60,000,000 nominal value drawn for redemption at par on 15th November 1977. The nominal amount of the Loan outstanding after 15th November 1977 will be Swiss Francs 24,000,000.

Large table containing bond numbers for the City of Copenhagen loan. Columns represent bond numbers from 304 to 5975. Includes a 'DRAWING OF BONDS' section and a 'Principal Paying Agent' section at the bottom.



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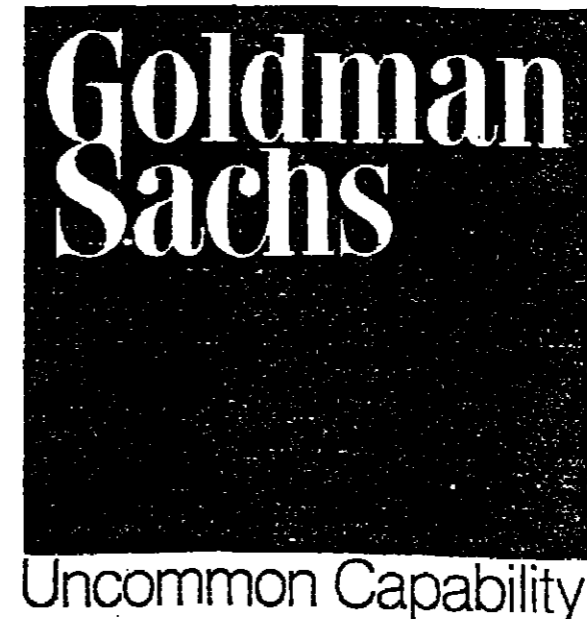
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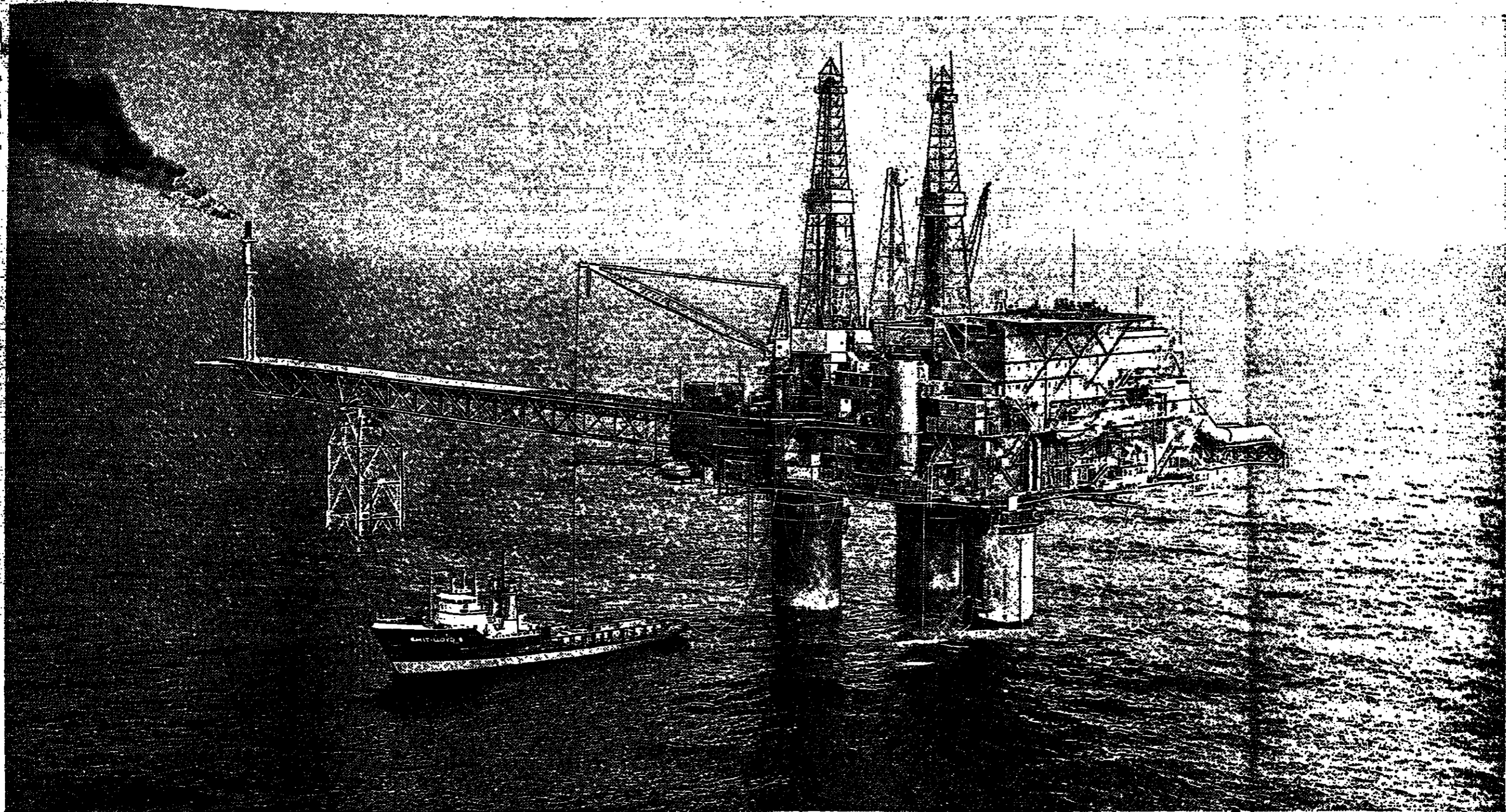
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Mobil Beryl 'A'

# BICC-people who make things work at sea

Oil men aboard Mobil's Beryl 'A' platform, brave the hazards of the North Sea, gathering its rich oil harvest, while one of the men who helped to make it all possible BICC's Bill Ivison, relaxing in the tranquil surroundings of his Whitehaven allotment, looks towards a harvest of a different kind.

Bill flew a team of specialists to Norway to participate in the management team controlling the electrical and instrumentation work on the platform and to advise the platform builders on these aspects. Onshore, Bill supervised BICC's part of the contract, which covered the installation and jointing of high voltage cables. Offshore, however, when the platform had been floated to its final moorings in the North Sea, BICC took over all electrical installation and instrumentation work and Bill co-ordinated the efforts of a 100-strong contracting team in the completion and pre commissioning of all electrical systems.

Whatever the problem, BICC has the answer in its people — 54,000 people employed worldwide who, like Bill Ivison, quietly make things work.

And people like Eric Lee, Production Manager for BICC's heavy cables unit at Leigh, who was involved in the manufacture of virtually all of the cabling used by Bill for the Mobil platform. Eric's cabling skills are hard-won, coming from 34 years experience in the company — the last 20 in the demanding world of production. However, the enthusiasm and energy which he brings to his work is a complete contrast to his relaxed approach to his hobby — fishing.

Over the years, Eric's skill and experience have been put to good use in many major BICC projects.

Projects like an improved method of cable insulation (Vertical Continuous Vulcanising) which allowed BICC to manufacture cables for the QE2. The QE2 presented a challenge — high voltage cables of a new and special design. VCV was the answer, and Eric's knowledge of the process, and the special techniques associated with it, enabled BICC to meet the challenge.

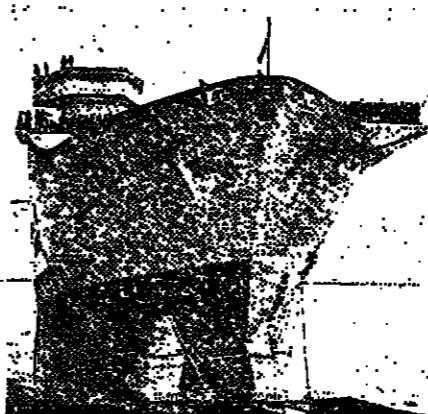
More recently Eric and his 500 strong team have manufactured cables for another famous ship, the Royal Navy's new Command Cruiser HMS Invincible.



Power and other essential services for the 2,000 passengers aboard the Cunard QE2 are provided through several thousand yards of BICC cable.

On every type of vessel plying the oceans, BICC is present, making things work, keeping things moving.

The shipowner whose cargoes are carried from continent to continent; the pleasure-seeker enjoying the comforts of a luxury liner; cross channel passengers travelling on a bed of air; oil men on the North Sea rigs; the brave lifeboat men of the RNLI; and even the lone sailor on his round-the-world voyage — they all rely on the efficiency of the BICC cables and equipment installed in their vessels and in communication and service centres ashore.



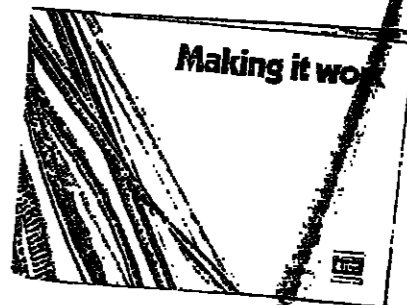
BICC Cables power and control the Royal Navy's sophisticated new Command Cruiser HMS Invincible.

THE BICC Group is diverse; one of the world's foremost cable manufacturers and designers; but also deeply involved in the refining and fabrication of metals; heavily committed to research and development in new communications technology; with a major stake in civil engineering and contracting through Balfour Beatty, a BICC company; possessed of hard-won skills in tunnel design and construction, and railway electrification; with specialist expertise in industrial plastics, electrical accessories, capacitors, printing plates... One thing makes it all work. One thing makes BICC a stable, successful, growing company that competes successfully in so many different markets.

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This booklet tells something of the range of skills of BICC and its people, something of their achievement and indicates a great deal about their promise for the future.

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Eric Lee — by quieter waters



**Makes it work**



EDITED BY ARTHUR BENNETT AND TED SCHOETERS

DATA PROCESSING

Setting up a service

ON THE half year's report for Buzzi Pulp and Paper, the question was asked where Buzzi could hope to diversify from its traditional markets...

Seen and heard at Datafair

A NUMBER of companies are demonstrating micro-computer based systems at this year's Datafair which is once more held in London at the Grand Hotel in Hammersmith...

INSTRUMENTS Sees strain in glass

users to run payroll, stock control and a number of other important company operations over on-line terminals to one or other of the Buzzi centres. Scientific routines are also supported.

-sizing the particles

AVAILABLE from Spefield is the Cilas 226 Laser particle analyser, able to give a printed size-weight distribution of particles between one and 128 microns...

OFFICE EQUIPMENT Makes work stations

FURNITURE especially designed to form "work stations" or "cells" in open plan office environments is being put on the market by Flambo Fortschritt.

TELEVISION Pops eyes in anywhere

INTRODUCED by Cyclops TV is a closed circuit television package which requires little more than the disposal of the camera and insertion of a single mains plug to have a system up and running for security surveillance.

AVIATION Radar for small jets

INTENDED FOR business aircraft use, a weather radar just introduced by RCA can be supplied with monochrome or colour display on which it is possible to bring up an alternative read-out of aircraft checklists, area navigation data, waypoint information or if desired, pilot-entered data keyed in from an associated keypad and stored.

PROCESSES Separates mixed grains

PARTICLES of mixed sizes in dry powders can be separated by a unit produced by British Rema Manufacturing Co., a subsidiary of the Edgar Allen Balfour Group.

Heat seal with foil

WHEN MILK and similar food-stuffs that have to be high temperature flash sterilised are packed in high density polyethylene bottles, difficulties may be experienced with sealing the caps.

COMPONENTS Big bright displays

LITRONIX—now part of Siemens—has a new series of 24-digit numeric LED displays with character heights of 0.5 inch.

Heat seal with foil

When milk and similar food-stuffs that have to be high temperature flash sterilised are packed in high density polyethylene bottles, difficulties may be experienced with sealing the caps.

Heat seal with foil

When milk and similar food-stuffs that have to be high temperature flash sterilised are packed in high density polyethylene bottles, difficulties may be experienced with sealing the caps.

STEWART FRASER LTD FOR ROLL-FORMED STAINLESS STEEL SECTIONS Ashford Kent Tel 0233 25911

Bid for the market INTENDED for heavy duty, a new typewriter is aimed at winning a major share of the U.K. office typewriter business for Smith-Corona.

Heat seal with foil WHEN MILK and similar food-stuffs that have to be high temperature flash sterilised are packed in high density polyethylene bottles, difficulties may be experienced with sealing the caps.

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Welsh Development Agency Treforest Industrial Estate, Pontypridd, Mid Glamorgan CF37 5UT. Tel: Treforest (044385) 2366. Telex: 4075

# FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

## Sonderbeilage über die Bundesrepublik Deutschland

The Financial Times is preparing to publish a survey on WEST GERMANY in its edition of October 24 1977. The proposed editorial synopsis will include articles on the country's successes and its preoccupations: foreign policy will be examined in detail. Other articles will be devoted to defence, energy, agriculture, trade unions and foreign trade. Individual sections of the West German economy will be discussed in a series of articles: these will include shipbuilding, construction, motors, banking, electrical engineering and electronics. The main headings of the proposed editorial synopsis are set out below.

**INTRODUCTION** West Germany is thought of as one of the most successful countries but it is doubtful if its citizens are as satisfied with their lot as they once were.

**POLITICS** The coalition government has a majority of ten; there are strains both within the government and within the Social Democratic Party, the majority partner.

**THE ECONOMY** The economic growth rate, at about 4 per cent., is relatively high but unemployment persists and the investment recovery has been modest.

**FOREIGN POLICY (1)** The West German view of the world as a major economic power which operates under constraints.

**FOREIGN POLICY (2)** A more detailed examination of West Germany's policies on the European Community.

**DEFENCE** West Germany has the largest army in Europe and a growing defence industry; but its security remains dependent on the support of the rest of the Atlantic alliance.

**STRUCTURAL PROBLEMS** Some of the older structural problems remain and to these have been added new problems arising from unemployment.

**ENERGY** Except for coal, West Germany is virtually without indigenous energy resources.

**PATTERNS OF TRADE** An examination of West Germany's major trading partners and of its main imports and exports.

**COMPETITION POLICY** A new cartel law is planned, but it will not be as strict as the Monopoly Commission wanted.

**TRADE UNIONS** Some union leaders say that their members accepted restraint only to find that management did not deliver increasing investment.

**AGRICULTURE** There has been a marked trend to part-time farming, in an industry not generally thought of as highly efficient.

**FOREIGN LABOUR** A high level of foreign workers has become a permanent feature of the German scene, despite Government efforts to reduce it.

**SOCIAL SECURITY** The system is one of the finest in Europe, but it has become increasingly expensive.

**THE CITIZEN** There are signs that Germans are becoming more assertive about citizens' rights.

**PROFILES** A series of brief sketches on some of the influential people in the country.

**BANKING** Efforts by an increasing number of German banks to establish themselves abroad.

**THE STOCK MARKET** An examination of market regulations and the distribution of equities.

**STEEL** Germany's efforts to remain competitive in another year of crisis for the European steel industry.

**SHIPBUILDING** Last year's already unsatisfactory flow of orders has slowed to a trickle.

**CONSTRUCTION** After the peak of the boom in 1973—deep depression from which the industry has only partly recovered.

**NUCLEAR ENGINEERING** The Germans feel they now have the right products: the problem is to sell them.

**CHEMICALS AND PHARMACEUTICALS** A remarkable recovery and big profits for the major chemical companies last year has been followed by moderate growth.

**MOTORS** Despite fears for the future from leaders of the German motor industry, the 1976 boom continues virtually unabated.

**MECHANICAL ENGINEERING** The overall performance in a year starting with a flurry of orders which dwindled as summer approached.

**ELECTRICAL ENGINEERING AND ELECTRONICS** The trend to rationalisation at home, expansion overseas.

**AEROSPACE** Pressures are increasing for an industry, already smaller than its British and French counterparts, to restructure.

**TRANSPORT** The development of Germany's road, rail and waterways and the prospects for new transport systems.

**RETAILING** Increased consumer spending has tended so far to concentrate on products in which the retail trade is only indirectly involved.

**CONCLUSION** A retrospective discussion taking in the arts, and culture as well as the tourist's Germany and the German image abroad.

The proposed publication date is October 24 1977. Copy date is October 10 1977. For full details of the editorial synopsis and of the advertisement rates contact:

Gertrud Fraser, European Department,  
Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY.  
Tel: 01-248 8000, ext. 472. Telex: 835033 FINTIM G

or  
Nicholas Holroyd, Financial Times,  
6 Frankfurt am Main, Im Sachsenlager 13, West Germany.  
Tel: (0611) 55 46 67. Telex: 416263 FTFM D

The content and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editor.

### • CARICOM

# A community falling apart

BY DAVID RENWICK

FEARS FOR the future of CARICOM, the regional Community and Common Market of the Caribbean, are mounting throughout the Caribbean since the recent departure of Mr. Alister McIntyre, its Secretary General, to a United Nations job in Geneva and in the absence of any visible desire on the part of the best-placed member, Trinidad and Tobago, to grasp the responsibility of firm regional leadership.

Though he did not say it in so many words, Mr. McIntyre's willingness to quit the top CARICOM public service job after serving for only three years, owed as much to his disillusionment with the politicians' feelings about regionalism as it did to his own interest in international commodity affairs (he has joined UNCTAD's commodities division as its director).

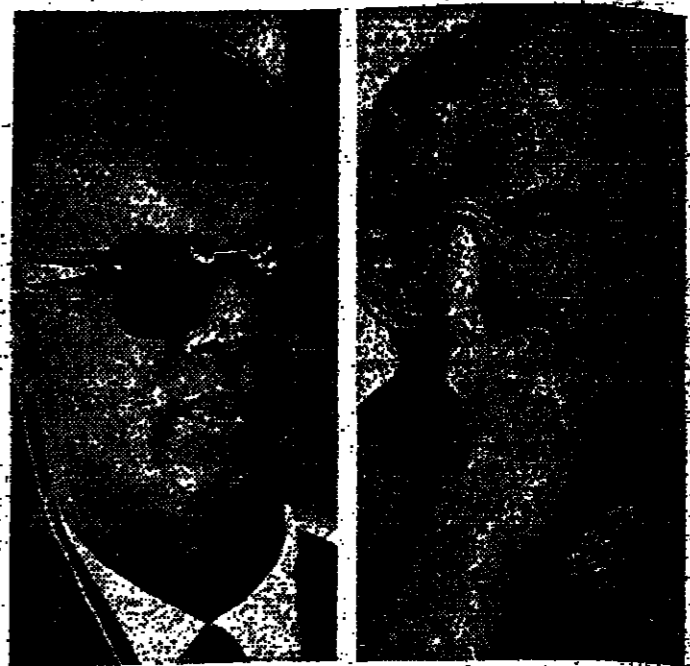
As a measure of the stagnation now evident in CARICOM, no moves have been made to select a replacement and even the procedure for so doing has not yet been settled upon. The CARICOM Council of Ministers, the supervisory body of the integration movement, has only met twice in the last year when it is supposed to gather at least once a quarter. The Heads of Government Conference, the top decision-making assembly, has not been called into session since December 1976 and seems unlikely, at this stage, to take place this year, as some had hoped.

Far from getting together and making an effort to settle the many problems confronting CARICOM, various government leaders have taken to expressing extreme pessimism about regionalism and even to making uncomplimentary remarks about one another in public. Mr. P. J. Patterson, Jamaica's Foreign Affairs Minister, whose responsibilities include CARICOM, has described regional affairs as being in a "parlous state".

### Disparities

Obviously speaking with the approval of his Prime Minister, Mr. Michael Manley, Mr. Patterson emphasised the "structural difficulties" besetting regional integration which, he claims, have been magnified by the economic troubles facing many members, as well as by "differences in political orientation between them". He lamented the fact that there had been "little recent dialogue by the Caribbean's political leaders," but insisted that Jamaica would "not be made the scapegoat for the present circumstances."

Mr. Tom Adams, Prime Minister of Barbados, has stressed that a "divisiveness" had emerged in CARICOM because of the disparities of economic fortune between Trinidad and Tobago on the one hand and most other members



Dr. Eric Williams, Prime Minister of Trinidad and Tobago (left), perhaps the most publicly caustic of all; Mr. Michael Manley, Prime Minister of Jamaica (right), who laments the lack of dialogue within CARICOM.

with other CARICOM leaders by his thinly veiled sneer at the Guyana Government as "abusive" and his sardonic query about whether there is "some other Prime Minister somewhere else that we have to account to."

While the leaders trade unfriendly jibes about CARICOM and one another, the fundamental dangers menacing the regional movement show no sign of fading away. If, and when, a Heads of Government meeting is eventually called, it will have to grapple with the following basic threats to the continued existence of Caribbean integration:

1—The persistent payments deficits of almost every member (even relatively stable Barbados is now struggling to balance its books), which Trinidad and Tobago's surplus cannot cover, even if it were available for the purpose.

2—The sheer disparity in size, stage of development and future potential of CARICOM's varied members. There has seldom been a territory unlikely ever to be a similarity of viewpoint on many issues between a territory like Montserrat, which has 13,000 people, no energy resources and part of its annual budget of \$EC15.7m. (\$3.3m.) still provided by the British Government, and Trinidad and Tobago, with over 1m. people, a thriving oil and gas industry and a budget supplied wholly from its own resources of \$TT2.4bn. (\$571m.) this year.

3—The smaller territories' deep-seated resentment because of the lack of tangible benefits to them after four years of CARICOM and

### Nationalisation

On the other hand, Trinidad and Tobago has a fairly free market economy, though with a significant measure of Government ownership of resources. Barbados, St. Lucia, Grenada and the rest of the smaller territories roughly fit into a similar mould. Perhaps the most notable ideological distinction is the Trinidad and Tobago Government's belief that foreign capital can still play a part in building up the CARICOM economy. In Guyana, on the other hand, foreign assets have been taken over one by one and the Jamaica Government has now embarked upon a policy of selective nationalisation, which is in strong contrast with the system that previously prevailed in that island.

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Handwritten signature or mark: *J. J. J. J.*

HOME NEWS

Foundry stoppages stem mainly from poor plant

BY OUR INDUSTRIAL STAFF

STAIN'S \$1,000 ferrous foundrymen have more stoppages, longer days off and have a greater labour turnover than the rest of manufacturing industry, says a report issued today...

Split threatens grants to Northern job agency

IMPORTANT decisions affecting the future role of the North of England Development Council...

Cumbria County Council is due to decide whether to stop its annual grant of £7,000...

New-style motor show

FINANCIAL TIMES REPORTER

MOTORFAIR, a new-style motor show presented by Earls Court Ltd...

£6.5m. provided to house old in Scotland

THE Government is to give £6.5m. to provide more sheltered housing for old people in Scotland...

Switched on

The number of London bus inspectors issued with two-way pocket radios has risen to 250 to nearly 400 in an effort to improve services.

Running car can cost £25 a week

Financial Times Reporter

MOTORISTS are now paying from £8 to £25 a week to keep their cars on the road...

The figures do not take into account depreciation on the capital value of the car...

Co-op is formed to market travel in U.K.

BY ARTHUR SANDLES

MORE THAN two dozen British domestic tour operators and several hundred travel agencies...

The scheme is aimed at broadening the appeal of domestic holidays and moving business from direct selling to travel agencies.

It is supported by the English, Welsh and Scottish Tourist Boards. Four operators pay £250 to join and travel agencies £10 for membership and point of sale promotional material.

Health centre opens

BY ERIC SHORT

A HEALTH centre has been established in Aberdeen by Healthguard Medical Services in response to requests from companies involved in oil-related activities.

Healthguard, a wholly-owned subsidiary of General Accident Group, will provide a 24-hour emergency service and medical examinations for drivers and other workers in hazardous occupations.

Rolls engine makes smooth entrance

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE said yesterday that the latest version of the RB-211 engine, the RB-211-524, has been approved for use on the Boeing 747...

Plea to prevent crime

BY JAMES McDONALD

LONDON HOUSEHOLDERS and motorists are being asked to take security precautions to help the police force to prevent crime...

Executive changes in Courage group

Mr. T. P. Durie, assistant managing director of Courage and chairman and managing director of Courage Brewing, will become chairman of Courage (Western) at the end of February 1978...

Mr. R. C. Strager, a director of Stenhouse Holdings and Feed Shaw Osler, has been made non-executive chairman of A. R. STENHOUSE REED SHAW AND PARTNERS...

IT'S NO MORE THAN YOU DESERVE.

It's easy to pay a quite extraordinary price for a very ordinary car these days. Easy, but not necessary. You've probably seen quite a few Lancia Beta Coupés on the road lately. Admired their sleek Italian lines. Coveted their evident pace. Envied the way heads turn as they pass. Wondered where their drivers found the money.



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In which case, it may surprise you to learn that you can buy a Beta Coupé (as shown) for just £3,643.38. It may surprise you even more to learn just how much of a car you get for that sort of money. Mechanically, you get a 1300cc twin overhead camshaft engine with 103 mph potential, a 5-speed gearbox and all-round independent suspension. For your comfort, there are adjustable, contoured, cloth-covered seats (built-in headrests on the front) wall-to-wall carpeting and full insulation against road, wind and engine noise. For your information, there is a complete set of instruments including electronic rev counter and, to protect your engine, oil pressure and water temperature gauges.

For your safety, there is a rigid steel passenger safety cage topped and tailed with front and rear ends designed to collapse progressively under accident impacts. All-round servo assisted disc brakes. Heated rear screen. And hazard warning lights. Of course, the Beta Coupé doesn't stop at 1300cc and £3,643.38. There are also 1600cc and 2000cc and targa-topped Spyder versions, which both cost and give you rather more. But if you are alarmed at the prices you now have to pay for many ordinary cars, take a look at one of the extraordinary Lancia Beta Coupés. It'll cost you no more. And you deserve it. The most Italian car.



Lancia (England) Ltd., Alperton, Middlesex. Tel: 01-998 5535 (24-hour enquiry service).

\*Prices include VAT at 8% and car tax. Inertia reel seat belts and delivery charges (UK mainland) but exclude number plates. Prices\* of other Lancia ranges start at: Beta Saloons - £3,753.38; Beta Spydors - £4,723.29; Beta HPs (High Performance Estate) - £4,785.30; The Beta Monte Carlo costs £5,927.22.

Table with columns for various regions (England, Huddersfield, Manchester, Stoke on Trent, Edinburgh, Glasgow, etc.) and lists of Lancia dealerships with their contact information.

Personal Export: If you are eligible to purchase a Lancia free of taxes, contact our Export Department.





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Telephone Gerry Lynch, PER, London (01) 235 7030 Ext. 246.

### COMPANY ACCOUNTANT

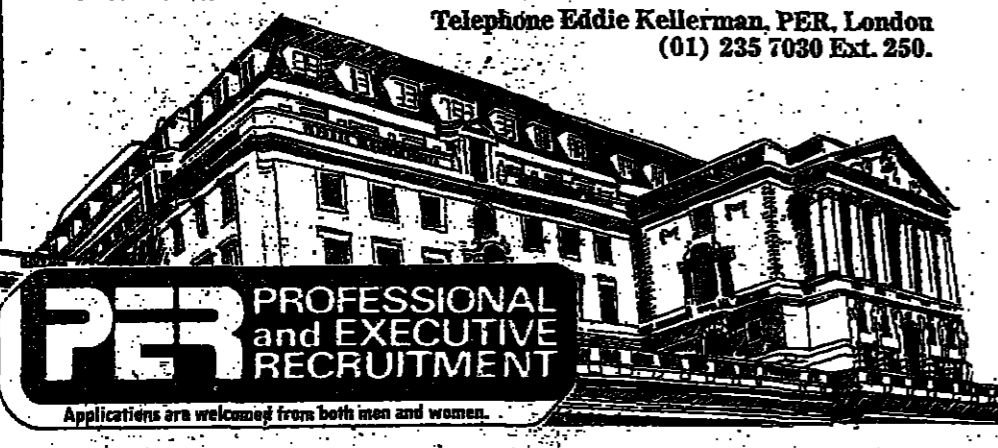
**East Manchester c. £6,000 + car**  
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A private holding Company with an annual turnover of £300,000 specialising in the manufacture of fashion accessories requires a Managing Director. You will have had general management experience in light engineering with some emphasis on background design and you will be expected to manage a small factory employing approximately 40 people. You must be prepared to turn your hand to any aspect of the business particularly to selling and to the design and creation of new products—self-motivation and a willingness to shoulder responsibility are important. The preferred age range is 30 to 50. Candidates should presently reside within easy commuting distance of North London.  
Telephone Eddie Kellerman, PER, London (01) 235 7030 Ext. 250.



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Applications are welcomed from both men and women.

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This very successful and rapidly expanding chain of retail bakery outlets will double its turnover this year and is currently diversifying into manufacturing food processing equipment. Reporting to the Company Accountant the person appointed will be responsible for the efficient administration of a department of 14 and for producing regular management and financial accounts in addition to ad hoc jobs as required. Some travel may be involved. Candidates will be under 28 with supervisory experience and ideally will have worked for a medium sized practice or for a company with a turnover exceeding £2m p.a. To blend with the dynamic executive team they must have drive and enthusiasm. Benefits include good prospects, relocation expenses and remuneration package in excess of £5,600 p.a.  
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### Company Secretary and Legal Adviser for White Child & Beney Ltd.

Your brief will be to take over the full range of secretarial duties from the existing Group Financial Director and parent company Secretary, and to develop and provide a comprehensive legal advisory service to senior managers throughout the Group. We are a small publicly quoted company with four main subsidiaries employing about 1,000 persons at seven UK locations. The responsibilities that you will discharge are wide and will touch many critical business decisions, so commercial awareness will be as important as professional expertise. The location is near Manchester. To apply you should have at least three years broadly based experience in a company's legal department. You will be a qualified Lawyer, a Law Graduate or a qualified Secretary with a strong legal bias. You will be under 40. The salary will be progressive: initially it will interest those now earning up to £7,500 p.a. So that fuller details, together with an application form, may be sent to you by return, please send your name and address only to The Chairman's Secretary, White Child & Beney Ltd., Oldham Street, Denton, Manchester M34 3SR.

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Forward dealer, mid/late 20's, required by a well-established International Merchant Bank to make a significant contribution to its professional dealing room activities.
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Prominent Consortium Bank of impeccable parentage seeks a well-trained credit analyst, ideally mid 20's, with some direct experience of the analysis of shipping credits.
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**Getty (Britain) Ltd. c.£8,000 + car**  
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Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

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Seatrain Mid-East Headquarters in London requires a Financial Controller experienced in the shipping business. Applicant should be a qualified accountant with ACCA, ACA or ACCA. You should be between 25-35 years of age, energetic, willing to work in an unstructured environment and able to travel throughout the Mid-East. You will report directly to the Managing Director and will be primarily responsible for assessment of operating performance by business managers to their Financial Plan. Development of Budgets and General Administration of the Accounting Function. If you would enjoy working in this fast moving, shirt-sleeve environment, please reply in writing, giving full details to:  
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**to £15,000 + car**

These appointments will be attractive to financial executives who are contemplating key career moves. They are likely to be Chartered Accountants aged up to forty-five and currently earning into five figures. A major British Group has created two roles, each requiring a high degree of self-motivation and a sophisticated background of experience preferably gained in a process/manufacturing environment. One of these appointments calls for substantial general management capability, and the other responsibility for treasury and asset management and financial planning. Meetings can be arranged either in Manchester or London.

Please forward, in complete confidence, quoting reference 1044MA, a brief career summary or telephone for an application form to D.S. Thomson, Mervyn Hughes Group, 53/55 Princess Street, Manchester M24EQ. Tel: 061-236 8935.

### Mervyn Hughes Group

Management Recruitment Consultants

### Financial Analyst

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**The Job:** involvement in marketing with the emphasis on influencing decisions/actions before the event. Critical analysis and interpretation of all financial aspects of sales and marketing. Budgetary control/forecasting, long range planning and pricing. Financial evaluation of new products.  
**The Candidate:** A self-starter who must be highly articulate with strong but tactful personality. Graduate/Accountant aged 24-30. Please forward CV with adequate information to make subsequent application forms unnecessary to: M. Rudkin, quoting ref: 023/MR/FL Moxon Dolphin & Kerby Ltd, 60 St. Martins Lane, London WC2N 4JB. If there are any companies to whom you do not wish your application to be sent, please list them in a separate covering letter.

**MOXON DOLPHIN & KERBY LTD**  
MANAGEMENT SELECTION

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George Woolliscroft & Son Ltd, Ceramic Tile Manufacturers, are seeking applicants for the above position. Candidates aged between 30 and 45 years, having a recognised Accountancy qualification and industrial experience, are preferred. Salary is negotiable, plus car. Please apply giving all personal and career details to the Managing Director, c/o George Woolliscroft & Son Ltd, Melville Street, Hanley, ST1 3ND. Tel: Stoke-on-Trent 25121.

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The London office of a major international consulting firm seeks to add a Senior Consultant to support their substantial activities in strategic marketing for international clients as well as to increase their general management consulting resources in Europe. Candidates are likely to have specific consulting background, will be University graduates and may have an MBA. Location is London and the salary will be negotiable in the range of £12,000 to £14,000. Age is flexible. Candidates should contact: CONSULTING PARTNERS, 17/18 Old Bond Street, London, W1 (Tel: 01-499 6416)

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**MSL Management Consultants**  
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17 Stratton Street London W1X 6DB





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European Shipowners spend billions of pounds a year on new tonnage and marine equipment, ship repair and maintenance.

It is now possible to compare the readership of 56 national and international newspapers and magazines in this important target group. Recent research\* demonstrates that an average issue of LLOYD'S LIST is read by 41% of executives in this field with purchasing responsibility. The next highest publication reaches 35%.

\*A survey among senior executives in West European Shipowning Companies commissioned by Lloyd's List and conducted by Research Services Ltd. in 1977. The data is available on computer for schedule analysis with the Media Services Department of Reed Publishing Holdings (formerly IPC).

For further information, call Jonathan Goodall, Manager, Advertisement Dept., on 01-623 7100 ext. 2864 or 0206-69222 ext. 288

or write to him at Lloyd's of London Press Ltd., Lloyd's, Lime Street, London, E.C.3.

## LLOYD'S LIST

ESTABLISHED 1754

The International Daily Newspaper of Transport and Trade

### ENTERTAINMENT GUIDE

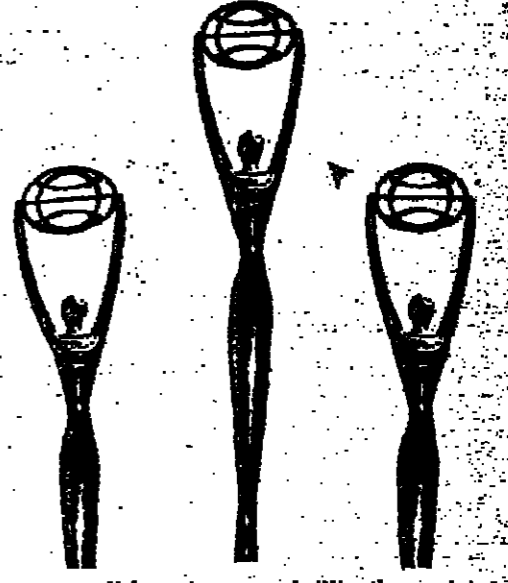
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<p><b>COLISEUM</b>, Credit cards 01-240 5258. Reservations 01-236 3161.</p> <p><b>ENGLISH NATIONAL OPERA</b> Tonight and Tue 7.30: Werther; Tomor and Wed 7.30: David's Eliza's TOURS. "A noble first opera."</p> <p><b>DRURY LANE</b>, 8.30: The Tales of Hoffmann. "A noble first opera."</p> <p><b>ROYAL OPERA HOUSE</b>, 8.00: The Tales of Hoffmann. "A noble first opera."</p> <p><b>ROYAL OPERA HOUSE</b>, 8.00: The Tales of Hoffmann. "A noble first opera."</p>	<p><b>ADELPHI THEATRE</b>, 01-836 7611. Evns 7.30, Mat 2.30. Thurs 3.00. "SPECTACULAR CAPTIVATING TIMES AND RACCY COMEDY."</p> <p><b>THE MUSICALS</b> "SICK SYMPTOMS" — Irene Harcourt. "EVERYTHING IS BEING DONE FOR YOU" — Irene Harcourt. "SICK SYMPTOMS" — Irene Harcourt. "EVERYTHING IS BEING DONE FOR YOU" — Irene Harcourt.</p> <p><b>ALBERT</b>, 836 5870. Evns 8.30, 8.50. Mat 2.30. Thurs 3.00. "TWO MAJESTIC PERFORMANCES."</p> <p><b>AMASSADORS</b>, CC 836 1171. Evns 8.30, 8.50. Mat 2.30. Thurs 3.00. "A MIDSUMMERS NIGHT'S DREAM."</p> <p><b>APOLLO</b>, 836 5870. Evns 8.30, 8.50. Mat 2.30. Thurs 3.00. "A MIDSUMMERS NIGHT'S DREAM."</p>	<p><b>ADRIAN TYRRELL</b>, 01-330 5210. Evns 8.00, 8.30. Mat 2.30. Thurs 3.00. "A MIDSUMMERS NIGHT'S DREAM."</p> <p><b>ALBERT</b>, 836 5870. Evns 8.30, 8.50. Mat 2.30. Thurs 3.00. "TWO MAJESTIC PERFORMANCES."</p> <p><b>AMASSADORS</b>, CC 836 1171. Evns 8.30, 8.50. Mat 2.30. Thurs 3.00. "A MIDSUMMERS NIGHT'S DREAM."</p> <p><b>APOLLO</b>, 836 5870. Evns 8.30, 8.50. Mat 2.30. Thurs 3.00. "A MIDSUMMERS NIGHT'S DREAM."</p>	<p><b>ALBERT</b>, 836 5870. Evns 8.30, 8.50. Mat 2.30. Thurs 3.00. "TWO MAJESTIC PERFORMANCES."</p> <p><b>AMASSADORS</b>, CC 836 1171. Evns 8.30, 8.50. Mat 2.30. Thurs 3.00. "A MIDSUMMERS NIGHT'S DREAM."</p> <p><b>APOLLO</b>, 836 5870. Evns 8.30, 8.50. Mat 2.30. Thurs 3.00. "A MIDSUMMERS NIGHT'S DREAM."</p>

## Advertising and...

# A clutch of Clios

BY JOHN SIMMONS



TO WIN an award in a creative advertising festival there is one simple and obvious prerequisite: you have to enter a work. This is where the constraints begin, as creative judges are known to favour the iconoclastic and the spectacular rather than proven familiar propaganda techniques.

Despite predictabilities, one of the benefits to be enjoyed in any of the established expositions of festival prize-winners is the refreshing show of ideas that are new, even if not fully proven in the market-places. Ideas that the creators and the customers—sensuous stimuli transmitting yet again the adage of the ad age—"The greatest risk an advertiser can take is to take no risk at all."

We all know advertisements that are eventually remembered because of expensive repetition rather than more pleasurable influences; where all the selling points were got in but few got out; and where artistry was sacrificed for copywriting.

"And when we got there," said Gertrude Stein, "there was no there there." Not so with award shows—there's always something there, even if The Idea sometimes escapes The Product, as in the case of the producers, the creators and the customers—sensuous stimuli transmitting yet again the adage of the ad age—"The greatest risk an advertiser can take is to take no risk at all."

The winners in advertising festivals are always, as I have astutely indicated, selected from the entries, and the entries come only from those who are proud to flatter themselves or their clients with the compliment that their advertisements are potential award-winners; the only other qualification being able to subscribe to a London newspaper for a year or more. Which excludes more than a few who might have won a gong if they'd been there.

The Rank Cinema Advertising Awards is the only competitive creative event where no charge is demanded from winners and guests at the awards banquet.

The most esteemed international commercial award event after the Cannes International Advertising Festival is the London Advertising Awards, which is a Screen honours—now planning its Silver Jubilee, an ideal opportunity to show gratitude to their faithful devotees—is probably the Clio Awards. New York based, "for advertising excellence," founded in 1960, and now attracting the astonishing total of 7,400 entries into its multi-media product categories.

Clio is compelled to publish a 108-page book in order to list all the winners. It looks as if everybody gets a coconut, but I can assure you that their munificence is not motivated by the \$100 charge for every extra statuette ordered by any participant in a prizewinner, nor their weekly hire charge of \$65 for any of 40 product category reels of winners; nor their special technique compilation reels for hire and for sale; nor their amazing "teaching English through TV commercials" reel for only \$200—wherein 20 specially selected TV commercials offer 20 sample lessons that demonstrate how a student can become actively engaged in the language learning experience.

As well as charging the deserving winners with a hot glow when they clutch their Clios, these Festivals of Light and Love have become excellent business for their sponsors, as early this year Tony Spaxton's London TV Awards confirmed in its second appearance, now comfortably into profit and able to invest in and develop further improvements such as craft awards for photography and direction.

The illustrious Marina Vaisey offered the suggestion in a recent edition of Creative Forum that the whole world needs advertising. That is precisely one of the principal functions of today's advertising—and the responsibility of selectivity manifestly lies with the advertiser, whose mailing shot offers Her as "The Proclaimer, Glorifier and Celebrator of

history and accomplishment... a brilliantly scripted early historical rendition showed her holding a rolled papyrus... our design substitutes a television screen and miniature radio record... Twelve jurors sitting and sipping the international entries (except their own) in New York, Australia, Belgium, Brazil, Denmark, France, Germany, Holland, Ireland, Japan, Mexico and South Africa, searched for the London last week. Curiously, even arrogantly perhaps, the organisers decided to judge the American entries separately. Creative Circle from the Rest-of-the-World, and so unlike most international creative competitions there is waterfilled shoes—proof that no fall frontal confrontation with Madison Avenue.

How anyway does one compete with chauvinist spies (there's no business like chauvinist business) like "Take your post of America for Sure Anti-Perisprant, the floods of Kodak, and \$200,000 worth of 120 super-colossal seconds suggesting that the entire American Bicentennial, or maybe the whole of America, was sponsored by Coca Cola?

At least one can compare the styles of the winners—for example a Mohammed Ali character—jauntily threatening to punch us on the nose if we don't drink Miller Lite Beer (McCann-Erickson), contrasting Terry Thomas attempting to seduce a continental beauty with

## A glass-and-a-half back for Dairy Milk

BY PAMELA JUDGE

BRINGING BACK a theme that Burnett—sees the debut of Clio Black in a commercial, dropped over twenty years ago—has possibly never been done before but this is just what Dairy is doing with the Press in a bid to mark the Dairy Milk chocolate bars.

The company's flagship brand which dominates its sector of the market will have £200,000 put behind it between now and Christmas on posters and TV and Elm. It is budgeted for next year. And the campaign — by Leo Burnett—sees the debut of Clio Black in a commercial.

Cadbury found growing resistance to the theme "best before" but this is just what Dairy is doing with the Press in a bid to mark the Dairy Milk chocolate bars.

The company's flagship brand which dominates its sector of the market will have £200,000 put behind it between now and Christmas on posters and TV and Elm. It is budgeted for next year. And the campaign — by Leo Burnett—sees the debut of Clio Black in a commercial.

**A FINANCIAL TIMES SURVEY**

## ADVERTISING & MARKETING

**OCTOBER 20 1977**

For details of the editorial synopsis and of advertising rates, please contact:

Suzanne Ralph, Financial Times, Bracken House, 10 Cannon Street, London EC4A 4BY.

Tel: 01-248 8000 Ext. 201. Telex: 885033 FINTIM G.

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# Sealink

John Goodall

# The Marketing Scene Image-Making or Profit taking?

BY STUART DUNCAN

IT TAKES ONLY the faintest stirrings of economic revival for advertising men with their innate optimism to see themselves as ultimate beneficiaries. Yet analysis of key economic factors in the advertising agency business shows that through good times or bad, the industry's profit performance has changed little. Figures for average net profit before tax as percentage of turnover vary from IPA (privately disclosed) information from over 100 member agencies showing 1.5 per cent to recently publicly declared results, allowing for some message no doubt, from 30 producing 2.5 per cent. Let's settle then for 2 per cent which is still only marginally better than the industry figure of 1.8 per cent ten years ago.

It is the nature of the advertising agency business, egocentric as it is and whipped along by billing tables and larger than life self-propaganda, that there is in general a greater obsession with billing growth than profit efficiency. The simple man's guide to agency economics—look after the turnover and the profits will look after themselves—while fatuous at best, may just have some chance of working in a booming economy with the advertising spend on the up and up and an increased share for all.

But with a shrinking cake (in real terms at least) in recent years, getting one's sums right has assumed a slightly higher priority, and agencies have been striving very hard to do just that. But a 2 per cent profit ratio is hardly something to be proud

of, and seen in the context of the small-to-medium sized agency (for example, £2m-£50,000, £5m-£100,000, £10m-£200,000), even derisory for such a seemingly high powered industry with its magnificent concentration of talents—creativity and ingenuity, enterprise and salesmanship.

Is it that we are more concerned with the imagery and gloss of the business than the gritty of good bookkeeping? What comes first: business or pleasure?

There are, of course, some legitimate constraints. It is not only a problem of escalating operating costs (salaries up 75 per cent in five years) but also of income pegged to 15 per cent, or thereabouts—a fact of life in a business dominated by the media commission system. Certainly unless an agency is highly diversified or has substantial fee business, its sources of additional income outside media, and the flexibility it can enjoy in its "marketing" policies, are severely limited.

But no excuses. Surely our role as counsellors in achieving profit goals for our clients should at least be based on proven ability to do the same for ourselves.

It is to these I suggest a closer scrutiny of their housekeeping arrangements. It is almost back to the envelope stuff. Simply follow the rules and short of occupational optimism you can't really go wrong.

Sometimes—most times—the client is genuine in his intentions

to spend at a given level. There are, however, too many extraneous factors—human, economic, corporate—that can (and will) get in the way. When the last quarter comes you should have the safeguard of a minimum guaranteed income. Fight for it at the beginning of a new relationship and make it conditional to your taking the business. Come December 31 and you will not regret it.

Second, each account should be profitable in its own right and not subsidised by the big spenders. Fees are the answer. Almost 40 per cent of agency income these days comes from fees and non-media sources compared with 25 per cent ten years ago. Educate your clients to see you, and pay you, as their doctor or lawyer. As the unions say, a fair return for effort.

Third, advertising is a business of optimism and aspiration but look at the black side and start from there. Budget at two levels, the worst that could happen and the best that could happen, and keep your costs geared to the latter at least until the second half of the year. Then if you can afford to lift the lid a little you should be a happy man.

Fourth, people are our capital. They are also our only variable, so don't overhire. Invest prudently in pace with business, not ahead of it. Surprisingly, growth business can more often than not be digested. It's cheaper to incentivise existing staff than have new people underemployed. Most agencies have got the message, and productivity billing per head has quadrupled from

30,000 to £80,000 in recent years with 35 per cent fewer people employed. Watch peripheral costs that suddenly become profit parasites—headhunters, temps, freelancers, outside consultants, perks.

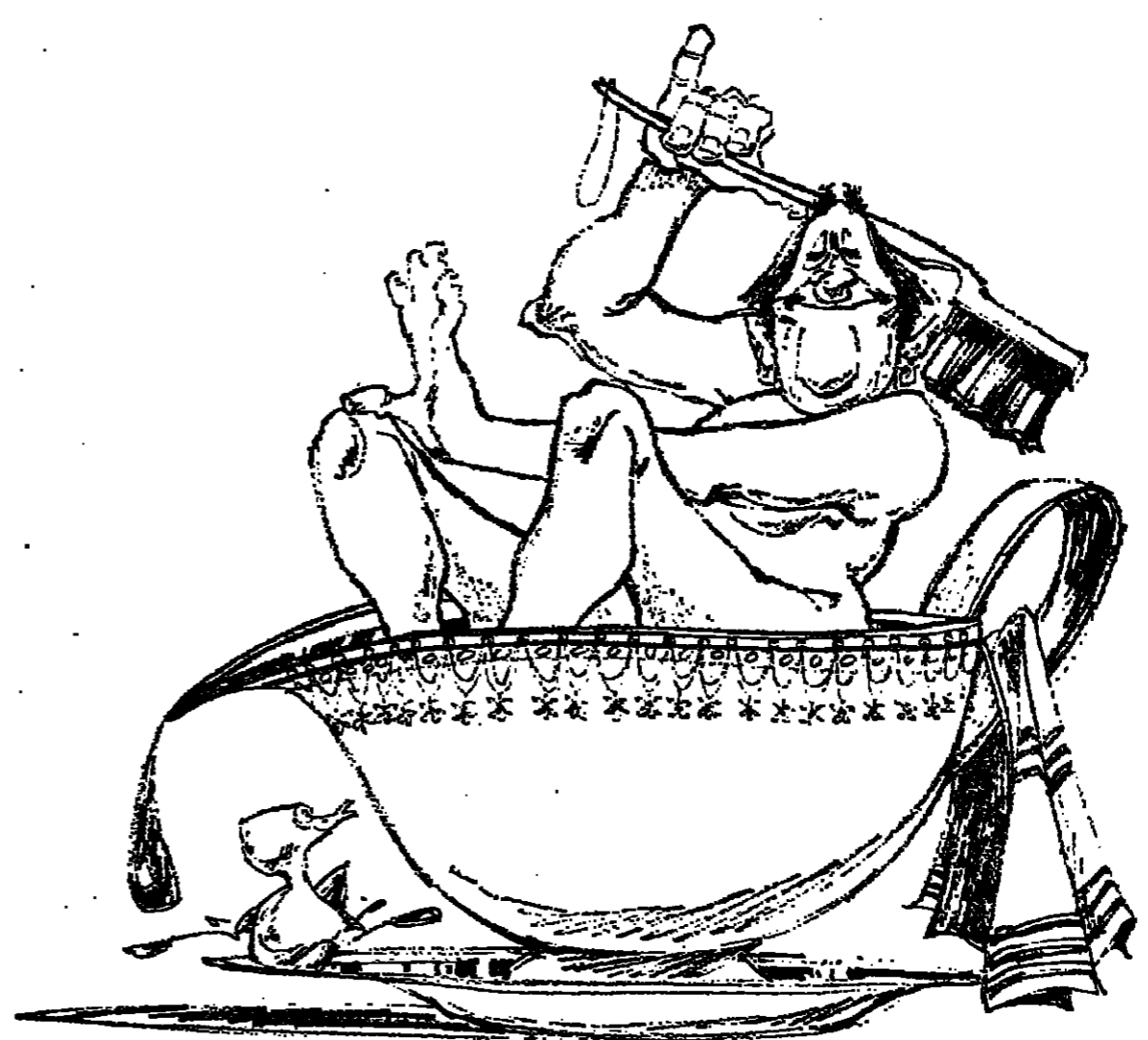
As for new business, don't lose your head and your shirt. Weigh the risk and put a calculated budget against it. One per cent of potential billing should be enough; 2 per cent and you've already blown your first year's profit. New business is exciting but don't get carried away with false hopes and escalating investment and if you lose make sure you have argued beforehand for proper compensation.

With the ITCA following the publishers in imposing surcharges on agencies for late payment, it is time agencies got equally tough with clients. Incorporate a surcharge agreement in your terms of business and exercise it. Agencies make better agencies than bankers and late payers can cost a medium-sized agency £1,000 to £2,000 a month in interest charges alone. IPA agencies lost over £1m in bad debts last year. If you smell a rat get it overboard before it sinks there somewhere.

Finally, petty cash and paper clips. Even eccentricity has its place in a successful empire. Remember that Sutton Place had pay telephones. There's a message there somewhere.

(All figures IPA Agency averages.)

Stuart Duncan is chairman of W. S. Crawford.



## Somehow, Anglians get through 23% more meat extract.\*

We're buying 23% more meat extract per household than the national average.\*  
But then we buy more per head of most groceries.  
Last year, Anglia pipped London and Southern to the top grocer sales per head in the country.  
It's a very healthy place to be.

ANNUAL GROCER SALES PER HEAD BY NIELSEN REGION - 1976

ANGLIA	£176	60
LONDON	£175	24.8
SOUTHERN	£174	8.1
SCOTLAND	£160	2.6
WALES WEST & WESTWARD	£159	100
TYNE TEES	£158	5.7
YORKSHIRE	£153	10.3
MIDLANDS	£150	1.8
LANCASHIRE	£136	12.1
G.B. TOTAL	£161	100

Source: NIELSEN

## ANGLIA. JUST ABOVE LONDON AND THE SOUTH.

Anglia Television Ltd, Brook House, Park Lane, London W1Y 4DX. Tel: 01-405 2268. \*Source: T.C.A.

## Salesmen are still the selling force

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

GIVEN ALL the public debate about whether companies can afford to continue using travelling salesmen to service every possible outlet in the grocery trade, one might have expected that most companies would be looking for ways of economising on their sales forces. After all, the basic structure of those sales forces was established before the development of centralised buying in the grocery trade.

But, according to a recent survey carried out by Mintel, more companies are considering increasing the number of salesmen they employ than those considering cutting back. More than a third of the companies interviewed had never tried telephone selling as an alternative—

or supplement to—travelling salesmen and less than 30 per cent used a sales broker at all. Of the 65 companies which replied to Mintel's questionnaire, 41 per cent had reduced the size of their sales force since 1974. Another 35 per cent had increased the number of salesmen employed while 24 per cent kept the numbers the same. The same companies were asked to predict their numbers in five years time. Just under a third said they planned to make reductions, but 43 per cent said they thought their sales force would be larger in 1982. The remaining quarter did not plan on making any change in terms of numbers.

There was no clear pattern as to the size of company planning to expand or cut back. Indeed,

as Mintel itself acknowledges, the whole survey revealed a lack of uniformity, suggesting that the industry is in a state of flux. Over 80 per cent of the companies relied on their own sales force resources. Only 2 per cent used sales brokers for all their needs while the remaining 16 per cent combined outside sales brokers with their own forces. Despite the relatively small proportion of companies which were prepared to give the whole job over to an outside specialist, the survey does offer some encouragement for sales brokers. Over two-thirds of the respondents said they thought that sales broking would grow as a business.

Two-thirds of the companies had experimented with tele-

phone selling at some stage. Almost half of them had found it to be effective but 29 per cent said it had not proved to be cost effective, while 25 per cent seemed to have been unable to read anything into the results of their experiments. Barely half the companies believed that there would be significant growth in telephone selling.

Despite this, Mintel concludes that the concentration of buying power within the grocery trade will eventually force even the most die-hard field sales manager to reconsider their needs. In its view, the resources devoted to handling key accounts at head offices will surely increase at the expense of the traditional field force.

**Advertising is selling. No more. No less.**

J.C. Bamford Excavators, Embassy Hotels, Britannia Building Society, Biltons Tableware, Royal Doulton Sanitaryware and Sandvik are just a few of the people who agree with us. Send for our brochure and find out why.

**C.B. Brookes Advertising**  
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**Jekyll and Hyde natures of some advertisers**

BY PAMELA JUDGE

THE TRADE Press in the U.K. is undervalued and under-researched but paradoxically it is extremely highly rated by its readers who, in many cases, are the advertisers. Benn Publications, part of Benn Brothers, is now beginning a drive to highlight the importance of these publications and as a first step has produced a report called The Trade Press in Britain.

In defining the trade and technical Press for the purposes of the study the 5,000 titles in the Newspaper Press Directory were whittled down by eliminating

learned journals, those that appear less frequently than quarterly, those that do not carry advertising and a long list of scientific, educational and official titles. On these criteria the study covers 76 publishers with 639 periodicals between them and taking in £103m. in ad. revenue last year.

Some 26 per cent of advertising decision makers read eight or more trade journals and so do 15 per cent of chief executives. Between four and seven titles are read by 39 per cent of the ad. managers and 47 per cent of the executives. Two-thirds of the executives said they did some of the reading at home as did just under half of the ad. men and 22 per cent of them used the journals to occupy their time while travelling.

Executives found that the major benefits found in the trade Press were information on new products and market trends on industry and keeping in touch and the jobs scene. Eighty-four per cent of interviewees totally disagreed that the publications were boring and 66 per cent did not see them as major sources for finding out about competition.

It is regarded as the major media for publicising the various industries with the greatest accuracy. On the other hand 83 per cent feel that the trade Press does not do enough to create awareness of problems in industry and 48 per cent believe that the magazines could do more to influence the ventilation of their industries' problems. While half the sample admitted that their industries fail to do enough to publicise themselves—14 per cent were honest enough to put it down to ignorance of advertising—64 per cent are sure that the Government does not understand the problems of their industries.

Few agencies are enamoured with the periodicals but the message is that if independent circulation, readership and market data were available this attitude could change. Reactions range from "a waste of time" to "cheap and highly cost-effective."

Given their high opinion of the trade Press as readers, the Jekyll and Hyde nature of the advertisers comes out in such findings as the high proportion spending less than a tenth of their budgets in this sector.

IPC Business Press is by far and away the biggest of the publishers with a total of 192 titles of which 63 are in the Audit Bureau of Circulation and with a combined ABC circulation of over 1.2m. In terms of circulation Benn comes in fifth at 212,917 with Morgan-Grampian (427,864), Haymarket (348,653), and Thomson Organisation (337,376) in between.

**Frozen meat is warmly received by Southern viewers**

49.8% of Southern housewives use frozen meat. National figure, 45.8%.

If Southerners have a taste for something, they'll buy it. Simple as that. In almost every aspect of consumer spending, from cars and cameras to food and freezers, the Southern area outstrips the national average. You can reach right to the heart of this thriving market with Southern Television. \*TGI October 1976

**SOUTHERN TELEVISION**

For further information contact Brian Henry, Marketing & Sales Director, Southern Television Limited, Glen House, Stag Place, London SW1E 5AX. Telephone: 01-834 4404.

**EVERY SYMBOL TELLS A SUCCESS STORY.**

Over twenty years ago when we organised our first exhibition we created an individual and unique identifying symbol. Every exhibition that followed was coded with its own symbol. The symbols produced over the years illustrate the wide variety of different industries in which ITF are involved. ITF are now the World's largest independent exhibition organisers, and provide a total service to Industry; total professionalism in planning; in promoting visitor attendance; specialised teams for every exhibition, consultation with industry advisory groups.

All part of the ITF service that brings top calibre buyers and visitors to each exhibition, giving exhibitors every facility and the freedom to concentrate on the real business of successful selling.

These are the hallmarks of an ITF exhibition. ITF events reflect industry's needs and can be either small highly specialised events, major public shows, or huge International Exhibitions anywhere in the country. ITF's programme also encompasses British Industrial Exhibitions, organised for the BOTB in many overseas centres, including Caracas, Kuala Lumpur, Jakarta, Shanghai, São Paulo, Peking, Buenos Aires and Bucharest. The next such event will be held in Mexico City in November, 1978.

Industrial and Trade Fairs Limited. Head Office: Radcliffe House, Blenheim Court, Solihull, West Midlands B91 2BG. Tel: 021-705 6707. Telex: 337073. Cables: Indatfa Solihull. London Office: 9 Argyll St., London W1V 2HA. Tel: 01-437 1622.

**THE SYMBOL OF GOOD BUSINESS**

# A lesson to be learnt

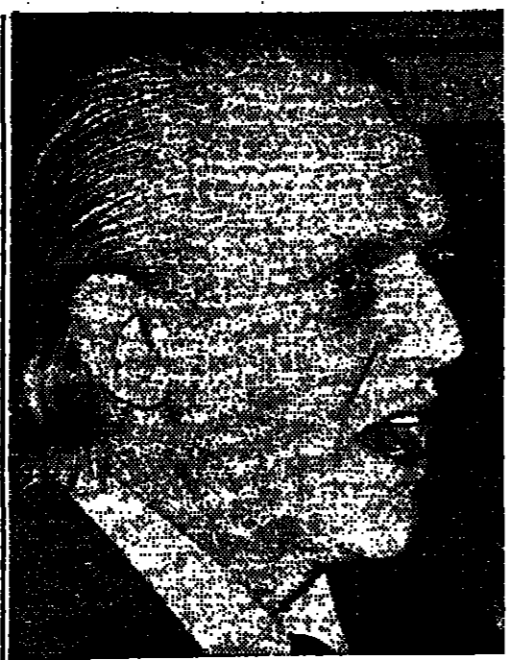
THE DIFFICULTY into which the Government looks like running with Ford is clear evidence of the fact that there are practical, as well as moral and legal, objections to the methods by which it has been attempting to enforce acceptance of its wage guidelines since the end of Phase Two. It will find it much harder with Ford than with smaller companies to keep pay increases down to 10 per cent. by threatening to withdraw state assistance, not least because the main state assistance which the company is receiving at present is in the construction of a major new engine plant in South Wales, intended to help relieve unemployment in an area next to the Prime Minister's own constituency. But if Ford cannot be forced to toe the line, Ministers fear other companies will be similarly intransigent and the counter-inflationary policy will be in ruins. It is perhaps as well that Ministers have been forced to face such a dilemma so soon after the end of Phase Two. One can certainly expect their aim of keeping average wage settlements over the next year to 6 per cent, and the increase in average earnings to 10 per cent. But if it is unwise to stress the larger figure rather than the smaller, it is completely wrong-headed to imply that everyone should get much the same increase. The distortions created by years of such restraint are so great that managers and unions have come out firmly against a continuation of it.

# The crisis in world steel

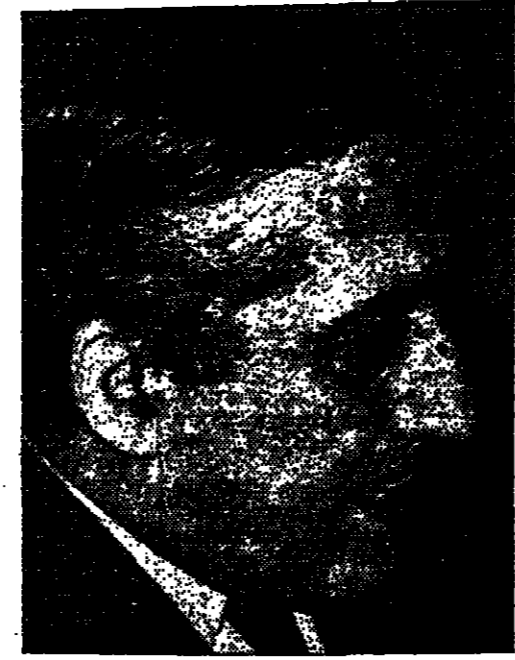
THE CRISIS in the world steel industry has reached the point where governments are finding it almost impossible to resist protectionist pressures. If trade restrictions are imposed in steel, it will be difficult to prevent the habit from spreading to other industries which are suffering from similar problems of excess capacity, fierce world competition and high unemployment. This would not only represent a severe blow to the free trading framework which has been constructed since the war, but it would also tend to prolong the present world economic recession.

In the industry, often in areas with little alternative sources of employment. This week, moreover, the domestic steelmakers scored a notable victory when the U.S. Treasury, in a provisional judgment, ruled that five Japanese companies were dumping steel plate. The Japanese steelmakers promptly attacked the judgment, claiming that the basis used for calculating Japanese production costs was incorrect; they have declined to supply the U.S. authorities with cost details. The practical effect of the ruling may be to force the Japanese to negotiate another voluntary restraint agreement with the U.S.; a similar agreement ran from 1969 to 1974. In principle these orderly marketing arrangements are a desirable because they point towards a cartelisation of the world steel market. What ought to happen, clearly, is that the Americans should set about becoming more competitive, just as the car makers are developing new small cars to compete against the Japanese. But the modernisation of the American steel industry will take time; a temporary curbs on Japanese shipments may take the steam out of the protectionist campaign, but it must be seen as a breathing space in which the Americans put their house in order.

**GATT rules** Meanwhile the Americans have persuaded the other OECD nations to agree to the establishment of a monitoring system to keep a watch on world steel markets. Any move to go beyond this towards permanent regulation of steel trade, along the lines of textiles, must be firmly resisted. Although steel has some special problems, including the emergence of new producers among the developing countries, it has yet to be demonstrated that they cannot be accommodated within the existing GATT framework. But the GATT rules will only work if the industrial countries accept the principle of competition and face up to the social problems which may be involved in meeting competition. It is that principle which is now at risk.



Mr. Finn Gundelach (far left), EEC commissioner for agriculture, favours the approach of Sig Gianni Martore (left) the Italian agricultural minister to the Mediterranean market rather than that of M. Pierre Mahaignerl (right) of France. The British minister, Mr. Sam Silkin (far right) sees EEC enlargement as a chance to rethink the CAP rules in Britain's favour.



# The Mediterranean connection

BY ROBIN REEVES in Brussels

THE SUMMER holidays may be over, but the thoughts of the EEC are still firmly focused on the Mediterranean. In the past few weeks, years of idle speculation about the possible effects of enlarging the Community to include its southern Mediterranean neighbours have come to an abrupt halt. Greece applied for full membership over two years ago and Portugal at the beginning of this year. But with the application of Spain, the Community is now confronted with the practical reality of changing from the Nine to the Twelve. Enlargement is obviously going to have a profound impact on every area of Community policy, but everyone agrees that the practical issue which will predominate is the effect of enlargement on the notorious cornerstone of the EEC, the Common Agricultural Policy.

In Greece, some 36 per cent of the population is still on the land, in Spain 23 per cent, and in Portugal 30 per cent, compared with the present average in the Nine of 9.3 per cent. By contrast, the agricultural population in the U.K. is only 2.9 per cent. Most of those still on the land in Greece, Spain and Portugal are on farms which cannot be expected to provide a full-time living under modern economic conditions. In Greece, some 43 per cent of cultivated land is divided into holdings of 5 hectares or less, which in turn account for 73 per cent of the total of some 1m. holdings. In Spain, 50 per cent of the holdings are less than 5 hectares, while in Portugal, according to the last available figure, the percentage of farms in the 5 hectares and below category was 71 per cent. By contrast, the EEC average is 17.4 hectares. This structure is of course changing. Just as the number of farmers in the EEC has halved to under 10m. in the last 15 years, so the agricultural population of Spain has fallen from 40 per cent in 1960 to the present 23 per cent. However, this run down was encouraged by a far more auspicious economic climate of rapid industrial growth in the 1960s.

While the farming populations of all three applicant countries are likely to decline at a faster rate than the average in the Nine, their entry will still add substantially to the number of small farmers which the CAP to guarantee them a reasonable livelihood. German officials, in a recently leaked report, calculate that the extra cost of applying existing policies to the three new applicants would amount to a net 1,020m. Units of Account (2500m.), or another 13 per cent on the existing agricultural budget. But this does not take into account what may be irresistible pressure from France and Italy for substantial increases in the flow of EEC funds towards and better protection for, their own Mediterranean farmers.

For the time being at least, the French and Italian governments are far more preoccupied with the possible ruinous competition which their own Mediterranean producers may face from the new applicants, than with the potential benefits of a more Mediterranean-orientated Community. The new applicants may have a less efficient agricultural structure, but their farmers know what it is like to live with substantially lower prices than those enjoyed by their counterparts inside the EEC. Spanish wine growers, for example, are presently living with prices some 45 per cent below the price for wine in France. Even if there is presently a partial truce in the Franco-Italian wine war, demonstrations by wine growers in the Languedoc against imports of Italian wine are still liable to break out at any time. It is not surprising therefore, that French growers and their government both view the prospect of having also to cope with unfettered competition from their Mediterranean neighbours with a jaundiced eye.

## Political football

In Britain of course, the CAP is becoming the longest-lasting political football since the Irish Home Rule Bill. But current criticisms are mere pinpricks compared with the strains in existing arrangements arising from enlargement. The task before the Community is to re-adapt a farm policy which still bears the hallmarks of its original design as a trade-off between German industry and French agriculture, to cover three Mediterranean countries whose economies are still heavily dependent on agricultural foreign exchange earnings. In Spain's case, the EEC will be accepting an important "agricultural power". Spain is Europe's second biggest vegetable producer and third largest wine producer.

## List of problem commodities

The list of problem commodities is not endless: olive oil, wine, and, in the fruit and vegetable sector, tomatoes, table grapes, apples, pears, apricots and peaches. But these are all commodities which are usually in surplus in the Nine or will be pushed heavily into surplus in a community of Twelve. This propensity towards surplus exists even though the products in question do not benefit from anything like the same degree of price support enjoyed by producers of cereals, meat and dairy products. Indeed, the Italian Government is constantly pointing out, with some justification, that the CAP supports farmers in the northern part of the Community far more effectively than in the Mediterranean south. But it is perfectly obvious that strengthening the price guarantees of the problem Mediterranean commodities as the French are demanding, would only produce substantially larger surpluses.

## Pre-condition for enlargement

At this stage, the response of both the French and Italian governments has been to submit memoranda to Brussels setting out the desired improvements in the support which the CAP gives to Mediterranean agriculture, and which they clearly regard as a pre-condition for enlargement. There is an interesting difference of emphasis between the two. The Italian government is pressing for a substantial increase in EEC aid for structural improvements such as irrigation, fruit and vegetable processing facilities, whereas

## Even greater surpluses

The real problem lies not so much in the Mediterranean, but in the Northern part of the Community. Farmers in the Mediterranean applicant countries have shown it is possible to live with substantially lower prices than those enjoyed by their counterparts inside the Community. A strengthened Mediterranean agriculture is therefore likely to weaken the price guarantees and market support arrangements for northern arable and livestock products. Northern producers are contributing more than their fair share of surpluses, and dairy products, beef and sugar may be more easily storable than Mediterranean surpluses of wine, fruit and vegetables, but they are also more expensive headcups for the Community than Mediterranean agriculture.

# MEN AND MATTERS

## Cart-horse on the European road

The highlight of yesterday's session in Brighton was the decision to accept Motion 180, throw out amendments B and C and have composite Motion 30 remitted back to the NEC for further consideration. And if you can make sense out of that, you're a better man than I am. Luckily, I was sitting next to John Fraser, Minister of State for Prices and Consumer Protection. He assured me that what had just happened was an event of historic importance for the party. For all the motions, amendments, composite resolutions and remittances mentioned refer to the party's attitude towards the Common Agricultural Policy. By voting as it did, conference essentially ratified the logic of last week's preemptive Callaghan letter and gave the party what looks like its best chance in decades to deal with Europe in a manner which is constructive and critical at the same time.



"Why should we have to suffer because of the Wilson Honours List?"

## Old fighters

Although conference formally showed its concern for the old at Tuesday's hurried debate on pensions, yesterday turned out to be the day when the old folks really came into their own. In a moving little ceremony, 82-year-old Gomer Evans from Carmarthen and 74-year-old Ethel Abel from Honlton were presented with merit awards for a lifetime dedicated to their local constituency parties. Ethel proudly displays the miners' lamp badge she has worn every day since the miners' lock-out in 1926 and Gomer recalled his first conference in Brighton back in 1935, when sanctions—and unemployment—were the key-topics. But the real prize went to 92-year-old Manny Shinwell, who intervened in the debate on abolition of the House of

## Silent types

It has been a good deal for Humphries Holdings, who bought Twickenham Film Studios for £360,000 in May last year, and sold 90 per cent yesterday for £500,000. But an air of mystery surrounds the buyers—an American group operating through Film Location Facilities, which is incorporated in Hong Kong. Humphries Holdings, 76 per cent owned by British Electric Traction, is putting up a strong, silent Gary Cooper-like front. Chartered accountant John Davey, deputy chairman of BEH, becomes chairman of the studios company under the new set-up, and responds plegmatically to the idea that yet another slice of the British picture industry is going into transatlantic ownership. "Filming is an international business anyway, and Twickenham is quite small, with only three stages." For the moment the Board representative of the unknown buyers will be a London solicitor, Timothy Kirby, who is also uncommunicative. "The Eagle Has Landed" was one of the last films for which Twickenham was used. Only time will reveal the American eagle which has swooped down on it now.

## Unlikely load

Now and then it is possible to sell the most improbable things to the Japanese. Such as bricks. This feat has been performed by Redland of Reigate, who are in the process of sending a second consignment—32,000 bricks of two different colours—by a fast boat to Tokyo. The company's managing director, Czech-born Laci Nester-Smith, modestly disclaims any aggressive salesmanship, because a Japanese company run by a father and son, So and Kunio Kato, actually came to him. Two special colours, which it seems can only be produced in southern England from Wealden clay, have taken the fancy of the Kato family; their uniqueness makes them a status symbol in Japan. The first consignment of Reigate's weighty exports went out in May. Next month, a representative will be flying from Japan to discuss a long-term deal.

Japicool520

ECONOMIC VIEWPOINT

BY SAMUEL BRITAN

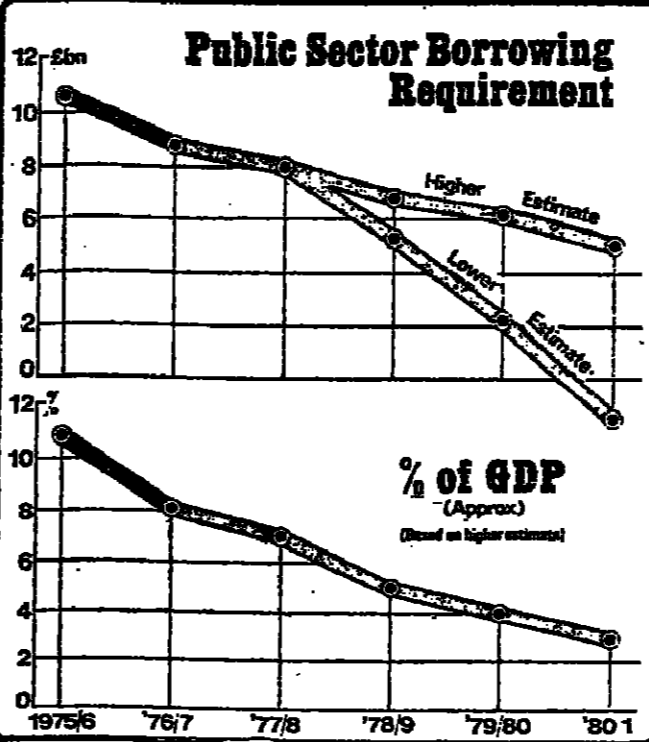
How Budget deficits matter

My two previous columns have damned "reflation" as a book and candle. By this I mean Government inspired efforts to boost the flow of money through the economy...

question. Let us assume that the Chancellor cuts taxes and increases public spending but that at the same time he sticks to long-term monetary guidelines consistent with his price level objective. What would be the effect? Would this be "reflation" of the kind I so much condemn?

First, let us look at an actual prospect. The chart in this article shows a large fall in the public sector borrowing requirement from nearly 11 per cent of the national income in 1975-76 to 5 per cent or less in 1979-80, on existing policies. The estimates which come from the indispensable Messel Monthly Gilt Review, prepared by Mr. Tim Congdon, are perhaps a little optimistic on inflation and growth. But different assumptions here such as those of the Cambridge Economic Policy Group lead to a similar picture.

times. Budget deficits, however large, are unlikely to be permanently effective in boosting the national income, either to inflationary ill or employment good, unless backed by corresponding monetary expansion. If you wanted to guess the national income of Oceania in 1984 you would get a much better clue from the money supply than from the Budget deficit—the latter could be zero and tell you nothing at all.



Source: Tim Congdon, L. Messel and Co. Monthly Gilt Review. Some £1bn. has been added to his estimates to cover financial transactions excluded from the public sector financial deficit but included in the PSBR. Key assumptions include 3 per cent real growth and 8 per cent inflation. Higher estimates of PSBR assume elasticity of tax revenue with regard to money income of 1.0. Lower estimates assume 1.2.

Even though it may affect neither interest rates nor employment nor the inflation rate, the size of the Budget deficit and of the savings rate still matters. Indeed, the choice whether to accumulate overseas assets and thus future income is one of the most important economic decisions facing a country. It was rational to borrow overseas in the face of the 1975 price explosion and the increase in OPEX savings. It is rational to repay debts and accumulate assets when enjoying the periods temporary benefits of North Sea oil.

Barriers

One objection to the arguments of this article is that the flow of international capital is not free but impeded by exchange control, tariffs and other factors. This is not done. These barriers create a wedge between interest rates in different countries. But there is still a relation between national and world rates as the gap cannot widen indefinitely.

The nature of ability

From Mr. W. Goode. Sir—I was interested in Mr. Dixon's article "Flooding tide of social scientists" (September 29), which set out the details of the expansion of graduate education. I certainly share his concern that we taxpayers are supporting a great deal of education which appears to aim at producing unemployable young people.

Letters to the Editor

do not think in percentage terms. Presumably, then, most people found it difficult to read his article, since it subsequently contained no less than "fourteen per cents" from the MORI survey? Without wishing to question the findings of the MORI or the lessons drawn by Metal Box, my point is simply that it is even more difficult to generalise on this subject than in any other area of public relations.

Renaissance man

From the Keeper, Department of Art, Birmingham City Museum and Art Gallery. Sir—I regret that owing to my absence in South Africa I have only just seen the Times of September 2, and in particular Mr. William Packer's review of the Michael Ayrtton Exhibition in the Sunderland Museum and Art Gallery. As an independent art critic Mr. Packer has every right to his personal opinions, though as the organiser of the exhibition I am saddened that he should have chosen to adopt such a totally pessimistic viewpoint.

Ayrton's artistry

From Prue Hopkins, Penelope Leach and Freja Gregory. Sir—Mr. William Packer (September 2) is, of course, entitled both to hold and, if he wishes, to publish his opinion of Michael Ayrtton's (or any other artist's) work. He is not, however, by the rules of honest criticism, allowed to make statements about Michael Ayrtton (or any other artist's) character, personality, attitudes or beliefs in a manner suggesting a special knowledge which he does not, in fact, possess.

Liberals in a squeeze?

From the Prospective Liberal Parliamentary Candidate for Shoreham. Sir—Your reader Mr. Verber (October 3)—presumably a Conservative although he doesn't admit it—defeats his own not very original argument. He accuses the Liberal leader of seeking a pact with the Government to save his party from "near extinction"; a few lines later he forecasts its complete annihilation at the next General Election. You can't have it both ways, Mr. Verber!

Transfers of votes

From the Director, the Electoral Reform Society. Sir—Your report (September 30) of the mock election at the Liberal Assembly implies that because the four people finally elected were the same as the four polling the most first preference transfers the transfers of votes were unnecessary. That is not so.

Companies House

From Valerie Brown. Sir—At regular intervals daily newspapers and the trade Press see fit to criticise the Registrar of Companies for what they, the Press, consider the middle Registrar has created in the Companies House (Christine Moir, October 3).

The standard of communication

From Mr. G. Stacey. Sir—Sue Cameron's article (October 3) on employee reports and other forms of communication is excellent as far as it goes; but I am afraid it omits one rather sad but important point. The quality of information in employee reports (and in shareholders' reports too, for that matter) has tended steadily to decline, as the whole concept of communication has become more fashionable in industry and more lucrative to designers and printers.

To-day's Events. Ethical Practices meeting in Paris. Lord Mayor of London attending inaugural banquet of Chartered Surveyors' Company, Mansion House.

GAMMEL STRAND. POSTBREVKAUSE. WHERE IN THE WORLD WILL YOU FIND STANDARD CHARTERED? Denmark is yet another of the 60 Standard Chartered countries. Here at Gammel Strand 34, Copenhagen we can transact your business direct with any of our 1500 Group branches and offices across the world.

Information for employees. From the Managing Director, MPR. Sir—Before discussing the relations of Metal Box employees to the company's internal report, Sue Cameron says (Executive World, October 3) "most people







Guinness Peat sees progress

RESULTS of Guinness Peat Group's performance for the year ended 31st March 1977 are shown in the current year's annual report... The group's operations have continued to develop in all areas satisfactorily...

Mackinnon borrows £0.5m. from SDA

The Scottish knitwear manufacturer Mackinnon of Scotland, which produced net after tax losses of £30,000 in the year to last October, has just completed arrangements with the Scottish Development Agency for long term loans of £500,000...

BIDS AND DEALS

Moran falls 115p after Buxa-Dooars withdraws

There were burnt fingers on the tea plantation pitch of the stock market yesterday after Buxa-Dooars announced that it would not proceed with its offer for Moran Tea. The shares of Moran fell by a greater percentage than any other share on the day, from 415p to 300p...

Setback for Caparo

The long drawn-out attempt by Caparo to acquire Empire Plantations and Single Holdings received a setback yesterday when an EGM of Single approved the acquisition of three soft drinks companies.

ASSOCIATE DEALS

Leasing and Cruickshank on Oct 3, 1977, 70p... Associated Metal and Minerals, part of the Lissauer Group has purchased £550,475 shares from Mr. Maxwell Joseph and 3,640,225 shares from Glitspur which, together with shares previously owned by Amalgamated, brings the total to 5,280,727 shares. The purchase price was 2p per share.

CARISBROOK

Carisbrook Industries, an American subsidiary of Hanscom Trust formed in 1975 to acquire the 'specialty' textiles group Indian Head, is to restructure its borrowings. It has raised \$2.15 million by placing \$1 million notes due 1982, with Prudential Life Insurance of America.

SCOTTISH AMICABLE

Scottish Amicable Life Assurance Society has purchased a further £50,000 Ordinary Shares in Drayton Far Eastern Trust making 8 per cent, a further 50,000 shares in Kingside Investment Trust making 13 per cent, and a further 25,000 shares in Cavendish Investment Trust making 7.45 per cent.

NO PROBE

The merger between Tagis Investments and Amalgamated Industrials will not be referred to the Monopolies Commission.

SHARE STAKES

Metallix (Holdings): The Throgmorton Trust has sold 50,000 Ordinary Shares leaving a beneficial holding of 1,119,888 (8.81 per cent). Ordinary Shares. These are held under the name of Throgmorton Street Nominees.

MINING NEWS

U.S. shifts position on seabed resources

THE CARTER Administration, concerned about the lack of progress at the United Nations Law of the Sea Conference, has given partial approval to legislation already before Congress on ocean mining. This represents a shift in the national position on the issue. Previous Administrations have been opposed to domestic legislation to control ocean mining activities because of the Law of the Sea Conference's attempts to find an international regime.

Overwhelming demand for South Crofty

THE OFFER for sale of shares in the Cornish tin mining concern, South Crofty, has been an outstanding success. The offer caught the imagination to the extent that yesterday evening the stockbrokers, Joseph Sebag, were able to announce that the offer had been 45 times over-subscribed. There will be a weighted ballot for applications of up to 10,000 shares with allotment being 200 shares. The offer was issued at 20p with a minimum of 300 shares.

BUNKER HUNT WINS SUNSHINE

The legendary American silver magnate, Nelson Bunker Hunt and his brother, William Hunt, appear to have succeeded in their determination to raise £250 million for a complete satellite operation in the largest silver mine in the U.S. The Great Western Mining Corporation, of which they own 70 per cent, claims to have raised the agreement with Standard Chartered Bank for a complete satellite operation. This includes the purchase of the largest silver mine in the U.S. The Great Western Mining Corporation, of which they own 70 per cent, claims to have raised the agreement with Standard Chartered Bank for a complete satellite operation. This includes the purchase of the largest silver mine in the U.S.

URANIUM SEARCH BY DEUTSCHE BP

British Petroleum's West German subsidiary, Deutsche BP, has been awarded a permit by the West German Government to explore for uranium in the Bavarian forests. This is the first such venture by the company, which plans to begin preparatory work later this year.

ZAPATA EXPANDS

The U.S. Zapata Corporation has increased its involvement in energy resources through the purchase of four oil and gas companies in the eastern Kentucky region. The deal, which should bring the corporation's total recoverable reserves to more than 300 billion cubic feet, was concluded in a wholly owned subsidiary of the Houston-based company.

THE TOR INVESTMENT TRUST LIMITED

The Fifty-first Annual General Meeting of the Company will be held on the 28th October 1977. FINANCIAL SUMMARY FOR THE YEAR ENDED 31 JULY 1977. GROSS INCOME: £536,337 (1976 - £477,973). DIVIDENDS: Income Shares 18.88% (1976 - 18.9%), Capital Shares 1.968% (1976 - 1.96%). NET ASSET VALUES: Income Shares 55.42p (1976 - 52.46p), Capital Shares 208.44p (1976 - 179.53p). DISTRIBUTION OF INVESTMENTS BY MARKET VALUE: United Kingdom 65.7%, Australia 4.7%, North America 25.1%, Far East 2.9%, Elsewhere 1.6%.

STERILIN

Sterilin, one of Britain's largest manufacturers of single-use laboratory ware, has acquired Sterilin (Rubber), a leading manufacturer of laboratory ware.

DELTA METAL

Delta Metal Company's subsidiary, British Electrical Repairs, has purchased a 51 per cent interest in an electrical repair business based in Sharjah on the Arabian Gulf. The net tangible assets of £30,000, which will now be called Bell Middle East.

DELTA METAL (continued)

Delta says that this will further its interest in electrical repair facilities in the Gulf states.

The Mitsui Trust and Banking Co., Limited

Negotiable Floating Rate U.S. Dollar Certificates of Deposit. Maturity date 6th October 1980. In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the initial six month interest period from 6 October 1977 to 6 April 1978 the Certificates will carry an interest rate of 7 3/4 per annum. Agent Bank: The Chase Manhattan Bank N.A., London. U.S. \$40,000,000 Floating Rate Notes Due 1983. For the six months 6th October 1977 to 6th April 1978 the Notes will carry an interest rate of 7 1/2 per cent. per annum. Listed on the Luxembourg Stock Exchange. By: Morgan Guaranty Trust Company of New York, London Agent Bank.

London Merchant Securities Limited. Salient Points from Chairman's Review for the year ended 31st March 1977. \* Net profit attributable to LMS after tax rose by more than £1.5 million to over £2.5 million. \* Selective sales of investment property produced a total of £8.5 million (some £1.5 million above book value) and net rental income from investment property was maintained at approximately £2.5 million. \* Net tangible assets attributable to LMS rose to £44.7 million and market value is considered to be significantly in excess of book cost. \* Short term borrowings were materially reduced. \* Carlton Industries achieved impressive growth and the indications are that profits will advance further in the current year. \* Century Power and Light showed improved profits from North Sea operations of the Phillips consortium and recent successful drillings enhance the potential of the holding. \* The varied range of the group's holdings provides a sound basis for continued asset and income growth. \* The directors recommend a final dividend of 3.5%, bringing total for the year to 5% (3.5% last year). Report and accounts available from the Secretary, 100 George Street, London W1H 6DJ.

Planet Percy Lane Group. International manufacturers of factory glazed aluminium windows. INTERIM STATEMENT. Increased Pre-Tax Profits. Increased Interim of 1.2p per share. Results at a glance £000's. six months to 12 months to. 30.6/77 30.6/76 31.12/76. Turnover 3,712 5,691 12,205. Profits before tax 698 437 926. Dividend per share net 1.2p 1.0p 2.94p. Demand from transport, caravan and portable building industries continued at a high level and from the building industry showed some improvement. Overstocking of caravans in U.K. and on Continent seems likely to lead to reduced demand later in year and various problems in U.K. motor and commercial vehicle industries could have the same effect. \*Despite uncertain state of some of our markets. Group profits should comfortably exceed those of last year.\* Peter Lane, Chairman. Copies of the full statement may be obtained from: The Secretary, Percy Lane Group Limited, 79/83 Colmore Row, Birmingham B3 2AP.

IN BRIEF. GLANFIELD SECURITIES (property and investment holding) - Results for the year ended 31st March 1977. JCS HOLDINGS (Investment trust) - Results for the year ended 31st March 1977. KURSALL COMPANY (Food and catering) - Results for the year ended 31st March 1977. RICHARD AND CO. ENGINEERS (Engineering) - Results for the year ended 31st March 1977. SIVNY AND CO. (Retail-based holding) - Results for the year ended 31st March 1977. GENOSSENSCHAFTLICHE ZENTRALBANK AKTIENGESELLSCHAFT. U.S. \$40,000,000 Floating Rate Notes Due 1983. For the six months 6th October 1977 to 6th April 1978 the Notes will carry an interest rate of 7 1/2 per cent. per annum. Listed on the Luxembourg Stock Exchange. By: Morgan Guaranty Trust Company of New York, London Agent Bank.

HOME NEWS

Steel chief warns workers

BY ROY HODSON

AN OPEN LETTER warning the 200,000 workers of the British Steel Corporation...

Council car

CANTERBURY City Council will buy a £1,150 used car to be used by the mayor and deputy mayor.

Cheaper power demanded for industry's big users

BY ROY HODSON

A CALL for cheaper electricity for Britain's big industrial users was made last night by Mr. Dick Charles...

dinner in London, said: "Such an adjustment in the balancing of electricity tariffs might do more for Britain's manufacturing competitiveness than...

voltage electricity with a steady load was paying roughly half as much per unit as the low voltage domestic consumer...

Chamber More British workers Public totally rejects Bullock are being lured abroad, MPs told borrowing ceilings 'should be scrapped'

BY ARTHUR SMITH

TOTAL rejection of the Bullock report on industrial democracy is expressed by the Birmingham Chamber of Commerce in a policy document issued yesterday.

MORE WORKERS appear to be leaving Britain for other Common Market countries than the number of EEC workers arriving here, according to a report published yesterday.

Available evidence suggested that discrimination persisted in employment for immigrants. Black people, however, had been accepted into a wider range of jobs since the early 1960s.

THE GOVERNMENT should abandon the ceilings on public sector borrowing imposed as part of the agreement with the International Monetary Fund...

Fuel bills aid 'not enough'

BY OUR CONSUMER AFFAIRS CORRESPONDENT

AGE CONCERN: the organisation representing the interests of old people, yesterday attacked the Department of Energy's new plans for helping the poor with their winter fuel bills.

cent discount on their electricity bills—less the 25 that they have already been paid.

bill through a third party. The scheme was no more than a token gesture towards answering some of the criticisms of last year's electricity discount scheme.

Mr. Charles, speaking at the Aluminium Federation annual dinner in London, said that in most of Europe the average industrial user taking high voltage electricity with a steady load was paying roughly half as much per unit as the low voltage domestic consumer...

Mr. Charles said that in most of Europe the average industrial user taking high voltage electricity with a steady load was paying roughly half as much per unit as the low voltage domestic consumer...

cent discount on their electricity bills—less the 25 that they have already been paid. Thus a person who had already received the 25 allowance would get 22 off a £28 electricity bill.

'BSC pays too much for scrap' THE BRITISH STEEL Corporation could save up to £200 million a year, at a time when it faces serious financial difficulties, by abandoning its scrap-buying policy, said Mr. Stanley Whittaker...

Easier HP is urged by finance houses

BY MICHAEL BLANDEN

WEST EUROPEAN suppliers of civil aviation groundservice equipment can expect a 7 per cent average annual growth in demand for their products over the next 10 years.

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Airport equipment demand grows

By Michael Donne, Aerospace Correspondent

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Jubilee double for workers

BY MICHAEL BLANDEN

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Recession

BY MICHAEL BLANDEN

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Tubilee double for workers

BY MICHAEL BLANDEN

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World Cup show

BY MICHAEL BLANDEN

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Interim statement

BY MICHAEL BLANDEN

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Advertisement for Blackwood Morton & Sons (Holdings) Ltd. featuring a group of people and the company logo. Text includes 'BLACKWOOD MORTON & SONS (HOLDINGS) LTD.', 'Group Results year ended 30 June 1977', and financial figures like Sales £26,369,315 and Profit £1,151,078.

Advertisement for Axminster Carpets. Text includes 'The Business of important manufacturers of Axminster Carpets is offered for sale', 'Annual Turnover approximately £15 million', and 'Located Nr. Worcester, England'. Contact info: Touche Ross & Co., 27 Chancery Lane, London WC2A 1NF.

Advertisement for SKF. Features the SKF logo and 'Interim statement'. Text includes 'SKF Group sales increased by 10.1% during the first eight months of 1977' and a detailed financial table comparing 1977 and 1976 performance across various metrics like Sales, Cost of goods sold, and Operating income.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Strike threat at Montedison

ITALY'S main trade union confederation today called a general strike against the Milan-based chemicals conglomerate, Montedison, following the company's threat to lay off some 6,000 workers of its heavy loss-making fibres subsidiary, Montefibre.

Setback for SCA

SVENSKA CELLULOSA (SCA), Sweden's biggest forest product conglomerate, shows a fall in earnings of over 23 per cent to Kr2.23bn. in the interim report for the first eight months of this year. Sales grew by 7 per cent to Kr2.84bn. (£335m.).

FTC to examine Bayer bid plan

THE U.S. FEDERAL Trade Commission has been given the task of scrutinising the possible acquisition of pharmaceutical company Miles Laboratories by Bayer A.G., the giant German chemical company.

Landis and Gyr orders up 15%

THE 1976-77 business year of the Swiss electrical engineering concern Landis and Gyr AG, which ended on September 30, came well up to expectations. This is stated in a letter to shareholders from the Board of the Zug-based parent undertaking.

The problems of Perrier

THE PURCHASE by a Swiss confectionery group of the stake in the last financial year Consortium Française de Confectionnerie previously held by the French food and drinks company Perrier is significant for two reasons.

Solvay half-year gain of 21%

NET OPERATIONAL profits of the Solvay of Cie group rose 20.5 per cent to B.Frs.2,157bn. in the first half of 1977, from B.Frs.1,789bn. in the same period last year.

German bankers' inflation view

RECENT weeks there has been a tendency for German banks, including the 12 state associations which handle the wholesale and foreign exchange business of the German savings banks, to place their surplus liquidity in British Government securities, without laying off the exchange risk.

Prices still easing

THE U.S. dollar sector took another turn for the worse yesterday with some prices lower by anything up to half a point—some dealers said three-quarters of a point—and falls generally extending to a quarter of a point.

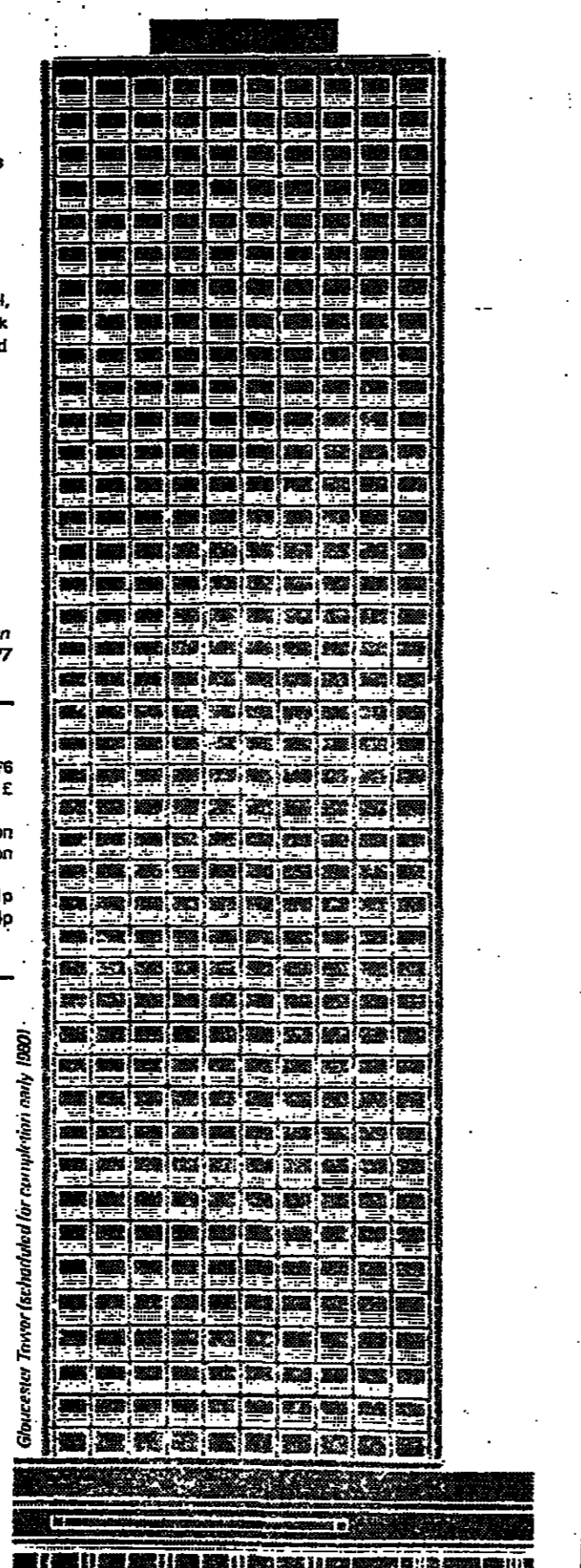
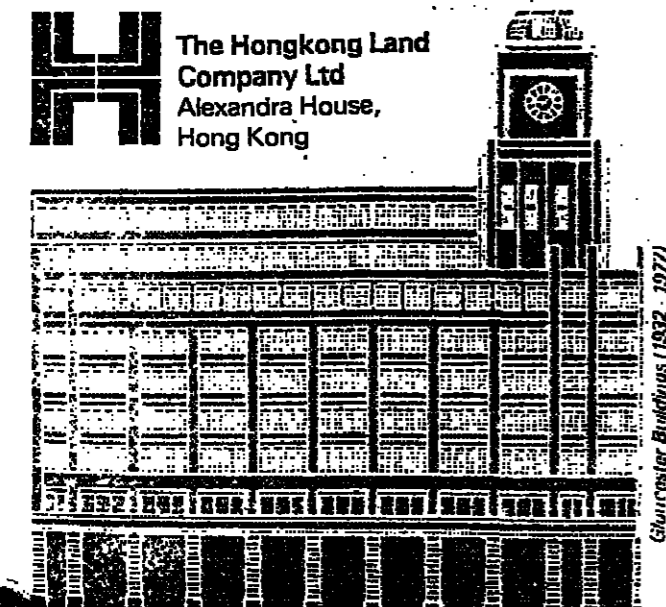
BAT subsidiary suspended

UTICO HOLDINGS, the 70 per cent owned local subsidiary of BAT Industries, requested suspension of its Ordinary and Deferred shares this afternoon. The company says that exploratory discussions are taking place with third parties regarding the future operation of certain subsidiaries.

Progressive Year for Hongkong Land

Half Year Group Earnings to 30 June 1977, after taxation, were £11.06 million (14.4 per cent increase).

Table with 2 columns: 1977 and 1976. Rows include Group Profit after Taxation, Interim Dividend, Earnings per share, and Interim Dividend per share.



Advertisement for Public Power Corporation (Dimosia Epihirisis Elektrismou) Greece, featuring a logo and a list of international banks providing term loans of up to US \$50,000,000.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

MEDIUM TERM CREDITS

A successful market debut for Malawi

BY FRANCIS GHILES

MALAWI HAS just raised its first medium term loan on the Euro market. \$25m. for seven years, carrying a spread of 2 per cent. over Libor. Managers of the loan are Bank of America, Bank of Montreal, Bank of Tokyo, Barclays Bank, Chase Manhattan, Dresdner Bank and Standard and Chartered.

DOMESTIC BONDS

NIO issue pitched on cautious terms

By Jeffrey Brown

WEAK demand for the recent tender issue by the Dutch Government has led the managers of yesterday's \$150m. issue by the Nederlandse Investeringsbank voor Ontwikkelingslanden NV to set cautious terms.

HONG KONG NEWS

Hongkong Land set for another record year

BY DANIEL NELSON

HONGKONG LAND seems headed for another record year. It has announced a group net profit of \$HK90.5m. for the six months to June 30, up from \$HK78.5m. The interim dividend is increased from 11 cents to 12 cents, and the company says it expects a final of at least 25 cents, against 22 cents.

Tribunal on insider dealing

HONG KONG, Oct. 5. A STANDING Tribunal to investigate cases of alleged insider share dealings will be established, subject to Executive Council approval, Hong Kong's Governor Sir Murray Maclehoese, said.

Golden Harvest acquisition

GOLDEN HARVEST Group of Hong Kong has acquired the London-based Cathay Films, a film distribution company for Europe, the Middle East, Africa, South America and other areas.

Disappointment at Myer

BY JAMES FORTH

MYER EMPORIUM, Australia's largest department store retailer, managed only a 4.6 per cent gain in earnings for the year to July 31, from \$A.42.7m. to \$A.44.65m. The increase in fact was almost entirely accounted for by the recently introduced tax benefit on the form of a trading stock valuation adjustment designed partly to allow for the effects of inflation.

Subscriptions for the NIO loan will open a week to-day starting on the following Monday (October 17). The loan will be redeemed in five instalments, there will be no early redemption and the offering carries a Stat. guarantee.

Toohey's record earnings

BY OUR OWN CORRESPONDENT

TOOHEYS, New South Wales brewer, boosted earnings by 33 per cent to a record \$A6.82m. in the year to July. Dividend is raised from 7 cents a share to 7.5 cents and is almost twice covered by earnings of 14.5 cents a share. Earnings in 1975-76 totalled 10.9 cents.

The nuclear power station company Kernkraftwerk Leibstadt AG is to float a Sw.Frs.100m. loan to help finance construction. The 15-year loan will have a coupon of 5 per cent, and be offered from tomorrow at a price of 100.5 per cent. Leibstadt is owned jointly by various electricity generating and holding companies and the Swiss Federal Railway.

Tubos de Acero

TUBOS DE ACERO DE MEXICO S.A., a Mexican steel-fabricating concern, announced through its attorneys that its lenders have granted a 90-day month extension to October 30, on waiver of certain loan restrictions, which the company is not meeting, pending completion of a previously announced debt restructuring programme. AP-DJ reports from New York.

Biscuit maker expands

BY OUR OWN CORRESPONDENT

ARNOTT'S, Australia's dominant biscuit maker, has raised its dividend from 8.5 cents a share to 9 cents following a 13.5 per cent gain in profit to \$A7.5m. in 1976-77. The dividend is covered by earnings of 18.5 cents a share compared with 14.5 cents in 1975-76. Group sales rose 14.5 per cent, from \$A182m. to \$A206m. The directors have restated 1975-76 profit by writing off

SELECTED EURODOLLAR BOND PRICES

Table with columns for Bond Name, Bid, Offer, and Price. Includes entries like '10 1/2% Euro 1986 Nov', '10 1/2% Euro 1987 Nov', etc.

Weekly net asset value

Table with columns for Fund Name and Value. Includes Tokyo Pacific Holdings N.V. at \$41.25 and Tokyo Pacific Holdings (Seaboard) N.V. at \$30.07.

YONTOBEL EUROBOND YIELDS

Table with columns for Bond Name, Yield, and Price. Includes '10 1/2% Euro 1986 Nov' with a yield of 14.77%.

CONVERTIBLES

Table with columns for Bond Name, Bid, Offer, and Price. Includes 'American Express Apr 87', 'Ablated Apr 1987', etc.

BRASILVEST S.A.

Net asset value as of 30th September, 1977 per Cr\$ Share: Cr\$19,313 per Depository Share: U.S.\$11,879.85 per Depository Share: U.S.\$11,155.27

Carisbrook Industries, Inc.

a subsidiary of Hanson Trust Limited Senior Notes due 1992

The private placement of these notes was arranged by the undersigned.

Kuhn Loeb & Co. New York • Boston • Chicago • Dallas • San Francisco International Affiliates: London • Tokyo

October 6, 1977

Sumitomo Electric Industries, Ltd. U.S. \$20,000,000 6% Convertible Bonds due 30th September, 1992. Includes list of agents and a detailed list of international financial institutions.

BOOKS

Intimate relations

BY C. P. SNOW

Daniel Martin by John Fowles

Injury Time by Beryl Bainbridge

A Quiet Life by Beryl Bainbridge

Mr. John Fowles is one of the most interesting writers we have...

Mr. John Fowles is one of the most interesting writers we have. He is to a high degree original and independent of any kind of fashion...

Judged by the standards I want to apply to him, he doesn't seem yet to have written an absolutely satisfactory book...

This kind of novel has always been extremely difficult to write. It could be done in the first person, or in a third person...

paraphrased. The danger in such a novel is that the interest can't be kept in the central personality...

That seems to be the trouble with Daniel Martin. Fowles tells us an awful lot about him. He has begun by being a moderately successful dramatist and has become a script-writer...

Martin is often given to talking in English, that is a kind of retirement into reserve. It is with the unfortunate result that one often has to look back and reckon out who is actually talking...

tin, who has had many women, has in middle age acquired a young mistress. She is a genuine triumph, vivid in flesh and bone and mind...

There is a definition of high art that one should feel quite sure about. This is how life is, and not otherwise. That is almost all one needs to say about A Quiet Life...



John Fowles and Beryl Bainbridge: two novelists in the English tradition

I have heard and read much praise of Mrs. Beryl Bainbridge, but until these last few days I had not read any of her novels...

There is a definition of high art that one should feel quite sure about. This is how life is, and not otherwise. That is almost all one needs to say about A Quiet Life...

Yet the effect of the book is not depressing. It is supported by a curious kind of tough realism, rather like that of the old Norse sagas. Perhaps unconsciously, Beryl Bainbridge is drawing on a very fine tradition...

Hirst report and the Arabs

BY RICHARD JOHNS

The Gun and the Olive Branch: the Arabs in the Middle East by David Hirst

Faber, £8.50, 367 pages

At last after several years of research undertaken in between many assignments, coverage of the Lebanese civil war and the jokes of lesser colleagues about a publisher's advance long ago spent...

By its very nature Zionism has been impelled by a territorial imperative. Mr. Hirst has no time for the classic defence that the Arab peasantry willingly parted with their land...

The native inhabitants had absolutely "nothing to fear from the immigrants" for the Jews have no belligerent power behind them...

By its very nature Zionism has been impelled by a territorial imperative. Mr. Hirst has no time for the classic defence that the Arab peasantry willingly parted with their land...

Jewish side could be seen as reaching its highest political expression in the emergence to power of Menachem Begin as leader of the Irgun...

What a measure of dissimulation and downright deception on the part of Dr. Chaim Weizmann, Ben-Gurion and the others was inevitable if the Israeli state was to be established...

Split ego

BY B. A. YOUNG

Dear Me by Peter Ustinov, Heinemann, £9.80, 280 pages

One day in 1933, when Peter Ustinov was 27, the same home from drama school and was at once sent off to the pictures by his father. The reason, he discovered later, was that at their modest home the British and German General Staffs were meeting...

Madcap Turkish journey in pre-war era

BY JOHN LEHMANN

A Time of Gifts by Patrick Leigh Fermor, John Murray, £6.50, 292 pages

What young man in his senses, at the age of 18, would set out on foot for Constantinople from Shepherd Market in London, in mid-winter, with only £1 each week to live on...

Horace, called Patrick Leigh Fermor. He tells the astonishing tale, or rather the first half of it, in his new book, A Time of Gifts...

standing as his subsequent reconstruction from memory. When he does eventually quote from another lost diary...

gives the narrative a curious, not quite real effect, and one wonders how much the actual life of the countries he was passing through impinged on him...

Harassed Book Publishers! I offer - sound experience - organising ability - initiative and imagination, plus a thorough knowledge of printing advertising and sales promotion...

The Director's Handbook 2e Edited by George Bull. The most distinguished group of experts ever brought together in a British Management Book.

Crimes—Sleuths and tunnels

BY WILLIAM WEAVER

The Super Sleuths by Bruce Henderson and Sam Summerlin, Cassell, £4.95, 291 pages

We celebrate fictional detectives, the authors of this book say, but we fail to give credit to the real-life criminal investigators who are after all protecting our lives and property...

gentle detectives described and interviewed here are pretty much the same. Most of them believe in the death penalty as an effective deterrent...

à la Monte-Cristo; but the characters are original and well-drawn, often with admirable economy. As the vengeance approaches its conclusion, the story takes on an implacable, remorseless quality...

Dead-Nettle by John Buxton, Hilton, Macmillan, £2.25, 190 pages

Mr. Hilton is fond of lore and regional arcana. Here there is a great deal of information about mining at the turn of the century...

The alternative

BY SAMUEL BRITTON

charge. By Arthur Seldon, Maurice Temple Smith, £7.60 (paperback £3.50), 224 pages

"I believe in public expenditure... that is why I have found the last three and a half years a rather sad experience. For I did not come into public life to preside over a decline in public services..."

consumers will have but the remotest control, for all the fashionable talk about participation.

It is also worth asking, where there are any genuine grounds for concern at the spread of materialism, apart from spurious arguments so quaintly limited.

Books of the Month

Announcements below are pre-paid advertisements. If you require entry in the forthcoming panels application should be made to the Advertisement Department, Brackens House, 10, Cannon Street, EC4P 4BY.

Devel Midlan Street.

Handwritten signature: J. P. [illegible]

# We deliver.

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Map by George Philip and Son Ltd. © 1977.

**Midland Bank International  Delivers.**





# FINANCIAL TIMES SURVEY

Thursday October 6 1977

# ALUMINIUM

While many sectors of metals and engineering are still badly affected by the world trading recession and see no signs of early relief, the aluminium industry has continued to expand and believes the outlook for the year to come is favourable.

**THE FIGURES** for primary aluminium production in the western world as prepared by the International Aluminium Institute tell their own story. The daily production averaged nearly 1,000 tonnes in the early part of 1974. Production then jumped as the Arab-imposed price increases began to sponge on the international market, falling to 26,600 tonnes a day in 1975.

There has been a steady climb since. By January this year the daily production was up to slightly more than 30,000 tonnes. And in June before the holiday season in Europe and America began to distort production touched 35,000 tonnes a day.

Production in August was 10 per cent above the same month in 1976. After the shock of massive energy price rises in the industry which is so energy dependent all the signs are that the present level of return on investment is back on to something near its traditional growth rate.

## Domination

But the big companies that dominate the industry are determined that having weathered the storm, things are going to be different from now on. The trend clearly is for the big players in aluminium production and usage of around 80 per cent a year for the 30 years from 1945 to 1975 caught up in a race for expansion which left it breathless

in the past and is exploring possible economies at all stages from the lifting of the bauxite to the point-of-sale of rolled and extruded metal.

One example of a way to save money is the recycling of aluminium. The American producers intend to place growing reliance upon supplies of recycled scrap—mostly cans. The recycling of aluminium consumes less energy than primary metal as it proceeds through its various stages, in particular the energy-hungry smelting stage. European producers are also interested in developing recycling which is at present largely confined to providing aluminium for the foundry

industry. But progress in Europe will depend largely upon greater use of the easily recovered aluminium can. And at present the tin can shows no signs of losing its dominance in the West European markets.

Profits have been recovering generally during the re-expansion of aluminium demand. Of

profits situation with rising debts on new plant. Efforts to contain aluminium production growth must be seen in the context that projections worldwide for the use of the metal are still in nearly all countries, far and away above the projected growth of the gross national product. World production is

expected to rise. At the moment the international price is more than 50 cents per pound for the metal and some observers expect it to touch 60 cents by 1980. Round about 35 cents per pound seems to be the minimum price at which experts are agreed it

Britain has only been a large-scale aluminium smelting country for a few years since the completion of the smelters at Invergordon, Lynemouth, and Anglesey. After more than three years all three are now working well and producing competitively. They have the advantage that they were built before the prices explosion. Each smelter would probably cost three times as much if work were starting today.

The British industry now has a smelting capacity of about 350,000 tonnes a year which still leaves the home market reliant upon imports of aluminium of some 100,000 tonnes a year. The companies are British Aluminium with its big smelter at Invergordon and smaller Scottish smelters, Alcan with the Lynemouth smelter, and Kaiser and Rio Tinto Zinc holding respectively two-thirds and one-third of Anglesey Aluminium. All three of the big smelters could be expanded and the owners have given much thought to the possibilities. But aluminium is an industry which competes strictly on world terms when production costs are being considered. For that reason the British smelting companies would not expand without long-term arrangements for continuous supplies of electricity at a more favourable rate than the normal industrial tariffs prevailing in

Britain. World smelter development at present is being concentrated in those countries which are power rich such as Bahrain, Durruti, Paraguay, and Brazil.

When aluminium was first brought into use some metal experts suggested that world requirements might be met by a single ton of the metal being made annually. Now it is well understood that with demand standing at 13m tonnes and rising by anything up to one-tenth every year aluminium is going to continue to surprise its makers with the uses to which it will be put to by industry.

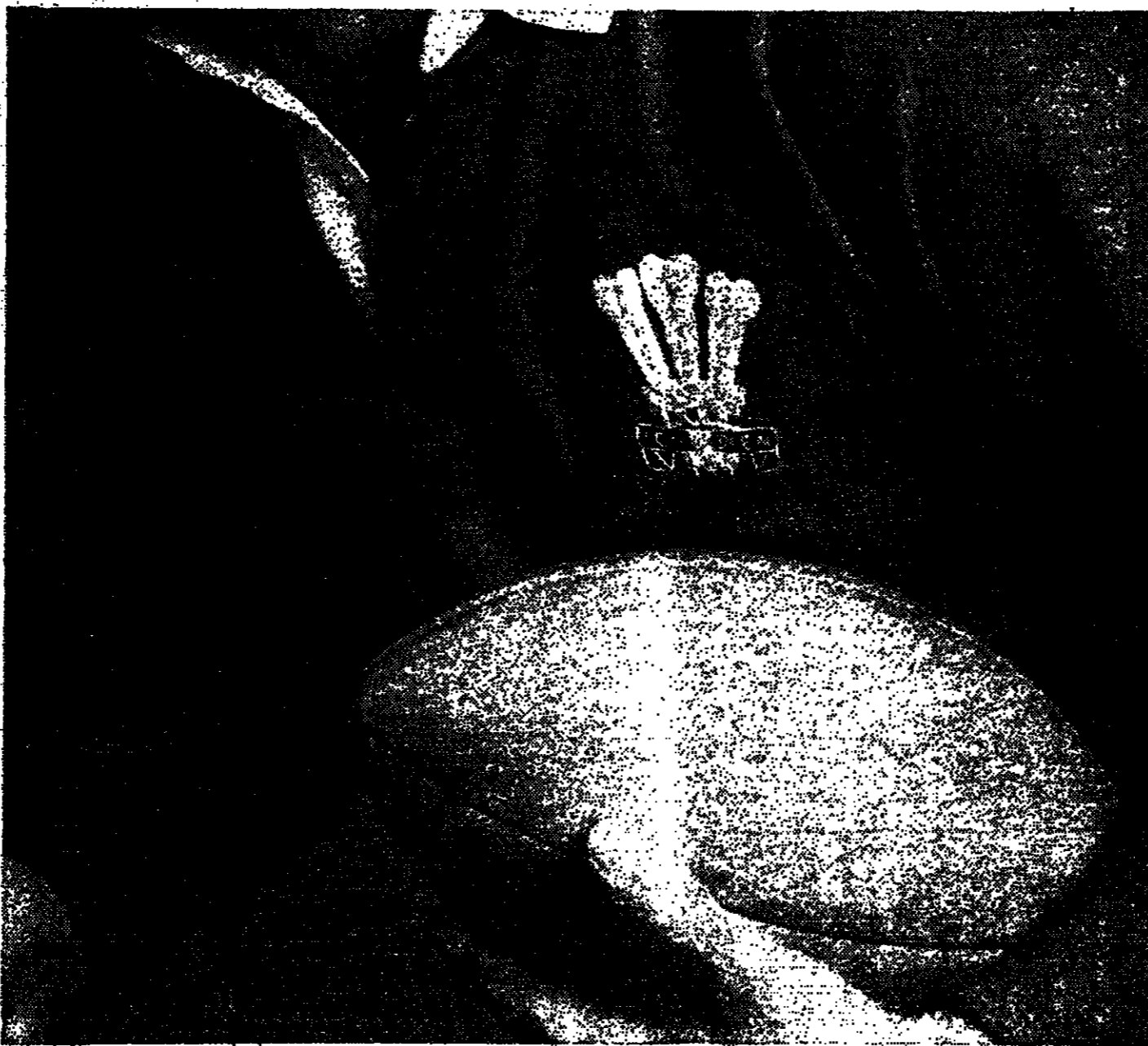
## Storm has been weathered

By Roy Hodson

### Future

In the future however it looks as if price will be an increasingly important factor to be taken into account when aluminium is being considered as an alternative to other materials. Mr Jim McLay, Alcoa Manufacturing managing director in Britain, summed up the aluminium industry's new thinking when he spoke to the British Association: "Inflation in the cost of new capacity, and lack of acceptable return on assets, has given the industry a clear signal that growth, as an overriding strategy, must now be tempered. Aluminium, according to those guiding the major producers, must now more and more be used only where its inherent properties are clearly advantageous."

# For Europe's biggest aluminium RCS mill Alcoa chose a Welsh team.



With the whole of Europe to choose from, Alcoa decided on Waunarlwydd, South Wales as the site for Europe's biggest aluminium RCS (Rigid Container Sheet) rolling mill. The choice was not arbitrary. The Welsh are champions in more fields than rugby. Their metalworking and engineering

skills have long been recognised throughout the world. Now, these skills are being teamed with Alcoa's technical leadership in aluminium and its investment capital to provide a reliable European source of supply for high-quality aluminium sheet to the car-makers of Europe, the Middle East and Africa.

The £35 million aluminium sheet mill, reputedly the most modern in the world, will soon be rolling. And a whole range of products, from German lager to Swiss cheese, will be packaged in Welsh aluminium. For the Swansea community, Alcoa's investment will mean secure employment, the

purchase of more local goods and services, as well as a positive contribution to local rates and to the country's export drive. Alcoa Manufacturing (GB) Ltd., Waunarlwydd Works, Swansea, Glamorgan. Alcoa is a trademark and registered trademark of Aluminum Company of America.

For innovations in aluminium, consider Alcoa first.



# World producers look to expanding markets

THE PRODUCTION of aluminium is essentially an international industry. There are adequate supplies of bauxite in many parts of the world mostly lying between the two 20 degree parallels of latitude. The other essential ingredient is power—abundant power—for the electrolysis process used in the smelters. Those two basic factors mean that a world view has to be taken whenever aluminium companies are considering new plant. The third factor of importance is, of course, nearness to markets. But that is of smaller consideration for the primary production of the metal judging by the current trend towards building smelters where the power is cheapest in developing countries.

Unlike steel, aluminium does not show marked variations in quality between producers. In fact, the metal is traded extensively between companies in the industry to match their local market needs with the production capacity available to them. The metals trading world has long sought a bigger slice of that business and there are moves in London and the United States towards free markets in the metal similar to the fashion in which other commodity metals are traded.

## Returns

The aluminium companies are against the establishment of such markets. The production of aluminium and its marketing has never, since 1943, provided really adequate returns upon capital as the industry has spent heavily on new plant to cope with a fast growth in demand. The industry sees no reason why dealers with no investment in the industry should be permitted to set up markets and take a middle-man's share from overall profits on the metal which are already inadequate. In London aluminium companies have not approved of one London Metal Exchange member's scheme for investing in

the metal. Under the scheme, Mr. J. H. Rayner offers clients a contract and the opportunity to buy or sell either spot or forward metal up to a year ahead. London traders who are established dealers in the metal for the industry feel that the main interest in such a scheme will be from speculators.

The London Metal Exchange may, however, give further consideration to a contract in aluminium to complement the five other metals traded on the exchange.

The demand for aluminium is moving forward healthily worldwide after the energy crisis. The U.S. market may see 7 per cent. growth this year and the European market perhaps 6 per cent. growth.

There is a growing consensus

of opinion in the international industry that the progress being made by aluminium indicates that there could be a shortage of the metal by 1980. That is a position to which the industry is overtly working towards by its policy of securing better financial returns of existing plant and acting cautiously towards any further major investment until the price of the metal can justify it.

But another factor, as yet not measurable, is the extent to which some aluminium users will discard the metal in favour of other materials if the price rises from the present level of just over 50 cents a pound towards the forecast levels of 55 cents to 65 cents a pound in future years. It could be that supplies of the metal will not

become as tight as the producers foresee at present.

The United States automotive industry is very much a bell weather in its use of aluminium. Even a small increase in the amount of the metal going into every car out of Detroit can be enough to upset many of the industry's forward calculations of demand.

Signs are that the movement towards greater use of aluminium and other lighter-than-steel materials is going to quicken as the U.S. motor industry strives to save fuel and reduce the overall weight of its products.

The new Ford luxury model, the Versailles is the first American car to use an all aluminium hood (bonnet to Europeans) and aluminium

forged wheels as standard items from the production line. Alcoa quote some forecasts that by 1980 the average American car will contain about 70 kilograms of aluminium compared with 45 kilograms today. By 1985 the estimate is that a typical car will use between 90 and 180 kilograms.

## Sufficient

Even a small quickening in the use of aluminium in cars would be sufficient to cause the industry production difficulties. Only about 1m. tonnes of new aluminium smelting capacity is being planned in the world at present—sufficient to increase world output by 7.6 per cent.—and about half of that is in Latin America. If a new demand from such a customer as the automotive industry catches the industry unawares it will have to achieve the extra production from its current plants rather than considering new giant smelters, on greenfield sites.

It should be added that aluminium, while appearing to be an obvious choice for use in future car designs, is not having everything its own way. Ford is experimenting with magnesium for some small parts such as steering column locks and engine ancillary parts. Magnesium costs roughly twice as much as aluminium at present. But the U.S. National Research Council has calculated that magnesium could be produced in the future at only about 1.4 times the cost of aluminium.

One yardstick of growth which aluminium men have come to accept is that demand for their metal—this wonderful metal—as one described it—runs at twice the growth in gross domestic product of any society. That kind of ready reckoning will have to be re-considered if a situation develops for the first time of too much demand chasing too little production.

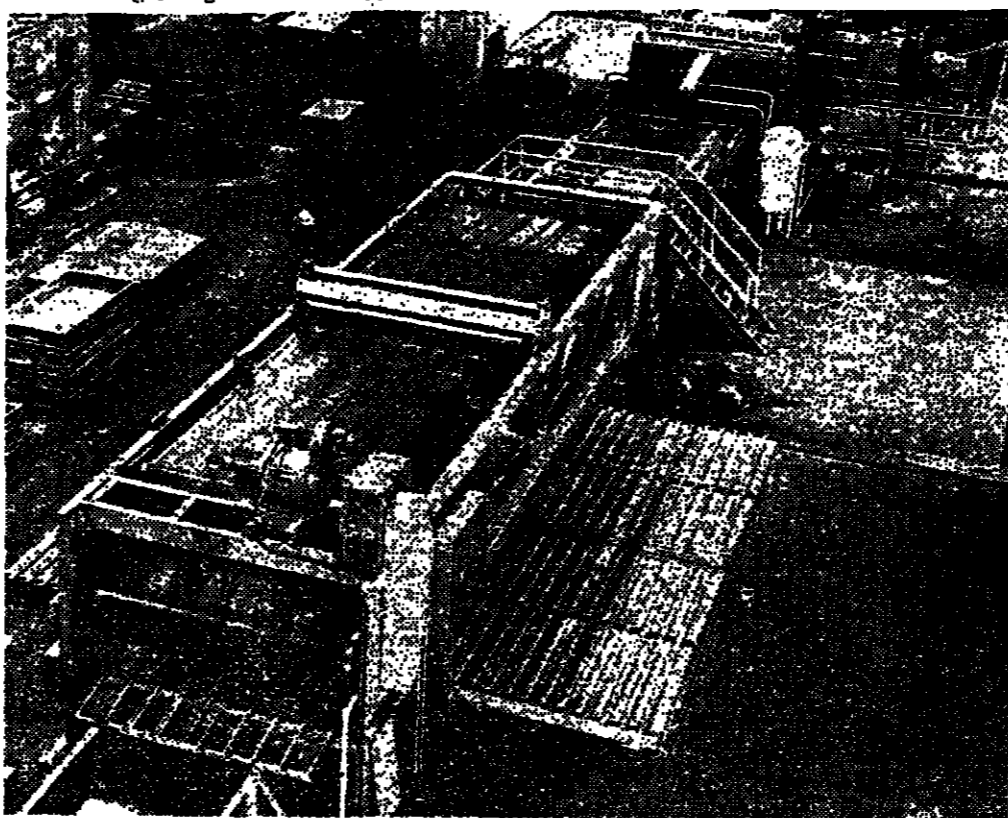
Most aluminium reaches the public either in castings form

or in products made from "semis." The sale of "semis" which is the metal in rolled or extruded form, has not so far been affected in any dramatic way by recent rapid increases in prices. The aluminium smelters with the outputs of the rolling mills and extrusion plants to shift are hoping that in many industries the use of aluminium has become such a habit, and the convenience of the metal are now so well known; that it may have become more insensitive to price movements than the aluminium companies themselves have dared hope.

Where is aluminium going to inevitably shed its old price structure, and develop new ones? The glittering prospects in the automotive industry were recently described by an aluminium executive as "only the tip of the iceberg." Packaging is an obvious growth area and the swing towards aluminium for beer cans and soft drinks is expected to continue. There is also a potential long-term in food packaging. Moving into completely new fields the major companies have great hopes for ultra-pure aluminium for which there are only minor markets today. The prospect is the use of the product for enclosing fusion reactors. Aluminium could be made so pure that it would have any significant residual radioactivity.

A market for the 1980s will be super-conductors of power. Naval applications will develop for high-speed ships. Finally aluminium looks like having an important part to play in the new world of "alternative energy." It will be used in windmills, solar collectors and other equipment. The backing of those schemes might reduce that they will be relying upon a metal which itself requires large quantities of power to manufacture.

Roy Hodson



New cut-to-length line, installed at British Aluminium's Falkirk rolling mill last year.

## Bauxite production

AFTER THE alarm of just a few years ago when the threat of an effective bauxite cartel appeared to hang over the aluminium industry, the six big producers which dominate world production of the metal have within the past year felt able to downgrade raw material supply on the list of their most important worries.

Three years ago, led by Jamaica, the main supplier to the U.S., the big bauxite producing countries formed themselves into an association which initially looked as though it might do for aluminium what the Organisation of Petroleum Exporting Countries (OPEC) had done in the oil industry. Dissatisfied with the return they were receiving for their asset, the Jamaicans imposed a new taxation and levy system—later followed by other bauxite producers elsewhere—which had the effect of increasing more than sixfold the payments which the big aluminium producers were obliged to pay.

By this year, however, by dint of long negotiation, a certain amount of brinkmanship on both sides, but most of all as a result of a recognition on both sides of mutual dependency, a new modus vivendi has been reached between the bauxite producing countries and the aluminium industry. The bauxite producers—most of them developing countries—are now receiving a fairer price for their raw material, at the expense of the aluminium companies in more advanced developed countries, than two-thirds of its bauxite supply agreed to a Jamaican

both parties have in orderly growth in demand for the metal has stayed off, however, any major disruption which could have resulted in rival products, such as steel or plastics, gaining at aluminium's expense. The bauxite producers have also been careful to stop short of moves which could have driven the aluminium industry into the use of alternative materials as a base for alumina production—the intermediate stage between ore and aluminium.

The more relaxed attitude which the aluminium producers now feel able to adopt is mainly the result of the final negotiation over the past year of agreements with a number of leading suppliers, including Jamaica, which will now ensure continuity and security of supplies for the foreseeable future albeit at a higher price than pre-1974. Following imposition of its much higher levy based on increasing more than sixfold the payments which the big aluminium producers were obliged to pay.

Even before 1974, however, the big U.S. producers had begun to look around for alternative sources of bauxite supply, and in the past ten years major additions to known resources have been made with

takeover of 51 per cent. of its deposits in Australia, now the world's biggest producer. In joint company formed between the company and the Jamaican authorities. A similar deal followed with another big U.S. producer Reynolds and other major groups operating on the island have either signed or are expected to sign agreements. Inspired by Jamaica most of the other big bauxite producers in the Third World have sought to increase control over their assets and a number of these deals have now also been concluded.

It has proved possible to reach these agreements in generally amicable discussions largely because the bargaining position of both sides has been relatively balanced. The big U.S. producers would prefer to receive their supplies of bauxite from Jamaica and other relatively near sources of supply because of the existing capital tied up in processing, handling, and other facilities in the Caribbean and neighbouring countries, and because of the savings in sea transport costs compared with other more distant areas. Bauxite also remains a far more abundant source of alumina than other

resources. The key factor in preventing the organisation from achieving more than its present relatively small measure of cohesion is the availability of bauxite around the world—and if it were to come too expensive of other materials which could be used

the discovery of huge new world's biggest producer. In Brazil, potentially the biggest producer of all. Thus Alcoa was deriving 94 per cent. of its alumina from the Caribbean in 1972 but by 1974 had reduced this to 70 per cent. By last year, when strikes and other production problems had caused the prolonged shutdown of facilities in Jamaica, Alcoa was drawing only 38 per cent. of its supply from the island, making up the shortfall with increased supplies from Guinea in West Africa and Australia.

The chances of the International Bauxite Association ever becoming a cartel able to wield the same power in aluminium as OPEC in oil are doubted by the big producers. "The IBA has not been effective in establishing a world price for bauxite because the cohesive force of its member countries has never been strong. The divergent internal political and economic needs of each country have kept the IBA from becoming a pricing body and will continue," Charles W. Parry, an Alcoa vice-president claimed recently.

Even before 1974, however, the big U.S. producers had begun to look around for alternative sources of bauxite supply, and in the past ten years major additions to known resources have been made with

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ALUMINIUM III

# Constantly changing market pattern

THE traditional standards of the aluminium industry have been rising very steadily during the last year, as prices of increases have taken price of the primary metal more than 50 cents a pound.

The four selling qualities of aluminium are its lightness, its electrical conductivity, the ease with which the metal can be formed, and its high resistance to corrosion.

Now that aluminium is steadily divorcing itself from the traditional stance of selling on price alone it is going to be vital to the producers to go for markets when one or more of those qualities offers aluminium a special advantage over other materials.

A prime example, of course, is the car market. The aluminium marketing men charge the British car companies with being backward in their use of aluminium for both bodywork and engine castings.

Compared with alternative materials for transportation work, the building industry, and shipping, aluminium is now known to be at some price advantage with steel (mainly because the depressed state of a steel trade is holding prices down) but cheaper than softwood.

The persistently low pricing obtained for copper and the world has damaged aluminium's prospects for the time being in the cable and wire market to which it was being great strides. However, the aluminium industry does believe that the low copper prices will last for ever, and companies are continuing to bid to keep the hold they ready have in the electrical market.

An interesting point about the electrical market is that although the swing in aluminium has stopped there has not been corresponding swing back to

wards greater use of copper in areas of production where aluminium has already been adopted.

The packaging and associated markets are providing important growth in aluminium sales in Britain. Food and drink packaging used 23,600 tonnes in 1976. The tonnage rose to 28,000 in the peak year 1974 and last year stood at 25,000 tonnes.

The overall consumption of aluminium foil in packaging, electrical engineering, mechanical engineering, and building, touched 44,000 tonnes last year.

There is plenty of foil rolling capacity in Britain now following major investments by all the companies. The outlook for the foil business is good. Exports are rising and the home market looks like climbing to new levels following the post-1974 recession.

The Association is holding a symposium on the use of foil packaging in London next month. The idea is that the event should mark the start of an energetic new promotion to increase the understanding of the uses of aluminium foil.

Construction and transport are two of those applications for aluminium where the aluminium companies will have to look hard at their markets if they are to stick to their new strategy of moving up-market to seek more adequate profits.

Plastics is providing growth, but not yet serious competition in some areas of building and decorative finishes. Steel is a fierce competitor in structural applications such as commercial vehicle frames.

Some researchers in the

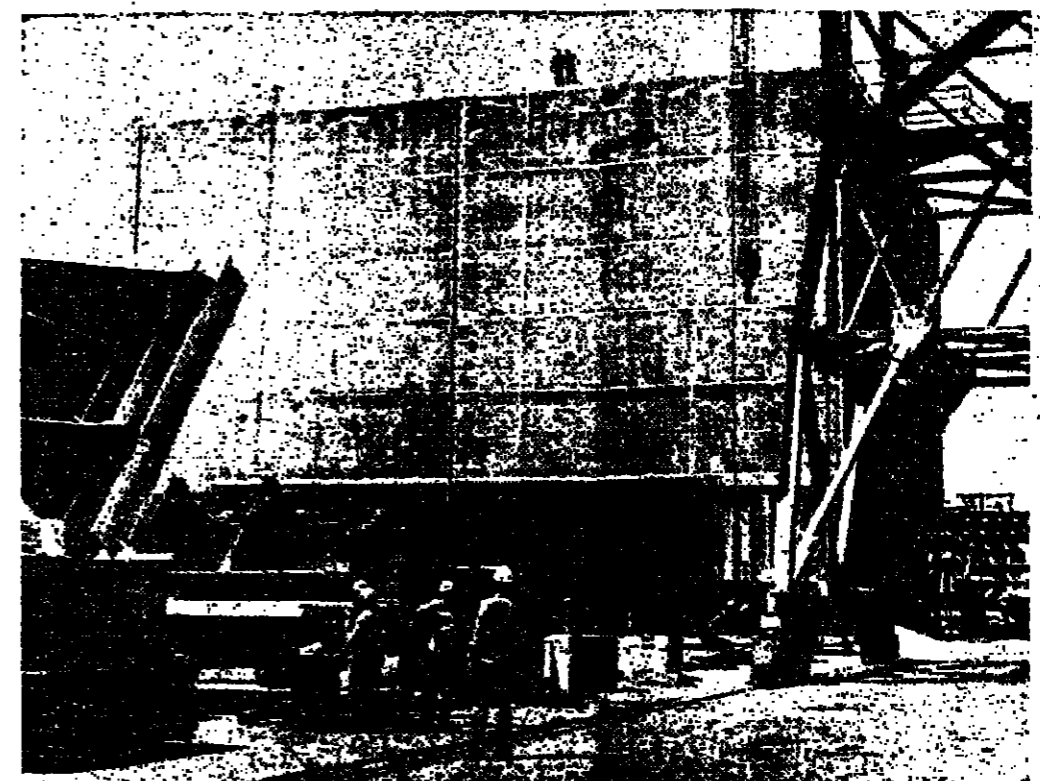
British industry expect the use of aluminium for cans to grow from 24,000 tonnes in 1976 to more than 60,000 tonnes a year within the next ten years.

But the British can market has a number of intriguing aspects and cannot be directly compared with the U.S. experience where the aluminium can has become a major outlet for the metal.

In Britain aluminium will be in a constantly changing marketing pattern during the next ten years caused by price levels against competing materials, by the unwillingness of the aluminium producers to sell at profitless prices any longer in order to capture markets, and by the new competition that will be posed by some rivals, in particular plastics.

Running an aluminium business is not going to be the easiest job around. But the reward is going to be the virtual certainty of continuing to be a fast-growing industry.

Roy Hodson



One of the 950 ton liquefied natural gas tanks being built by Kaiser Aluminium at Mobile in Alabama

## Bauxite

CONTINUED FROM PREVIOUS PAGE

World resources of bauxite are now put at some 17,000m. IBA A number of big aluminium groups including Alcoa, Alcan, various Japanese and European companies are involved in exploration in Brazil, which as well as supplying a large domestic smelting capacity, due to be increased to more than 1m. tonnes by the mid 1980s, is likely to make a significant contribution towards the two by-products.

Australia has the biggest known reserves of bauxite, and within recent years has overtaken Jamaica as the leading supplier with total output last year of around 21m. tonnes—half as much again as Jamaica.

Australia, too, while it has been prepared to join the IBA where it sits alongside the further defensive measure. In Dominican Republic, Ghana, the U.S. alone reserves of Guinea, Guyana, Haiti, Jamaica, anorthosite, one possible alternative, Sierra Leone, Surinam, and native, total 16,000m. tonnes. Vignacava has been unwilling and Alcoa is among companies to agree to common pricing, which have acquired major deposits within recent years.

The biggest pitch being made in Britain for the canning market is coming from Alcoa which expects to have its new \$55m. rolling mill plant at Swansea in full production this year. The production capacity of up to about 60,000 tonnes a year is aimed directly at the British and European can markets. The product is already in strong demand from can companies.

ing and it has not joined the duced good results from its pilot plant to separate alumina, another of the clays currently under examination, into its chemical constituents—alumina, sulphuric acid and potassium sulphate (fertiliser). The attraction of this material—also used as a basis for aluminium production in the Soviet Union—is that a ready market exists for the two by-products.

Alcan and Pechiney of France are among other companies which have announced experimental projects aimed at finding an economic alternative to bauxite. The two companies are currently producing 20 tonnes a day of alumina at a plant near Marseilles in France through a process which reacts sulphuric acid and hydrochloric acid with alumina-bearing clays and shales.

At present it is thought likely to be well into the 1980s before any of these projects can compete effectively with bauxite. The levy system by pegging the payments which the aluminium producers have to make for their bauxite to the price realised by the metal will eventually bring bauxite up to the price where it will become economical to switch to substitutes.

It is partly because of this that the Jamaicans and other leading producers have themselves been seeking to limit their own dependence on the North American market by interlocking forward into alumina and aluminium production and by looking for new markets for bauxite. The Jamaicans have a number of agreements with neighbouring countries in the Caribbean and Latin America which could lead to the construction of smelters in the area using Jamaican bauxite, and as part of its policy of seeking expanded trade relationships with countries around the world, Jamaica is hoping to sell bauxite to the Soviet Union.

A new balance of interests has now been achieved between the developing country suppliers of bauxite and the big producers which looks like offering the industry stability until well into the 1980s and beyond. The main problem for the industry now is financing the new smelting and other facilities needed to enable it to continue to meet demand and to continue to increase its affluence from the bauxite producers.

Rhys David

# All aluminium is the same, but aluminium companies vary.

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# ALUMINIUM IV

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THE ADVANTAGES of recycling aluminium are obvious. The production of the metal consumes huge quantities of electricity. Some nine-tenths of that energy can, in effect, be used again if the metal is saved, re-melted, and re-used.

If the aluminium industry is to continue to produce competitively and to enjoy growth markets for its products it will have to turn increasingly to recycling as a means of reducing its total energy costs.

Aluminium is a good metal from the energy saving viewpoint—after it has first been made. Its lightness compared with steel means that, for instance, an aluminium-bodied truck will use less fuel than a steel-bodied counterpart on every trip. Multiply that up to worldwide employment of aluminium and it is clear that the metal can provide considerable energy savings in such areas as transportation.

Aluminium which now is being sold as primary metal at just over 50 cents a pound can be re-cycled for just 15 cents a pound. Clearly the basic price of the metal would be influenced if sufficient could be recycled. In Britain recycling has so far been largely confined to re-circulating metal among the producers and the large sources of aluminium scrap from merchants, fabricators, and aluminium-using factories. The British secondary aluminium plants have an output of 187,000 tonnes a year compared with primary production of the metal of 334,000 tonnes a year and a total British consumption of aluminium (including imports) of some 600,000 tonnes a year.

The secondary smelting business is mainly concerned with producing re-cycled aluminium ingot used by foundries serving the motor industry, the domestic appliance industry, and others.

If the re-cycling of the metal is to develop in Britain beyond the present level and with consequent benefits to the balance of payments new answers will have to be found to the collection problem.

Tens of thousands of tonnes of aluminium are effectively "lost" because the metal is not recovered after having been made into foil, bottle tops, cigarette wraps and soft-drink cans.

Re-cycling is further advanced in America where aluminium cans collected through the Kaiser Aluminium "Can Do" drive totalled some 90,000 tonnes last year. Some 1.2bn cans were collected.

The programme was started seven years ago when the aluminium can first became an important outlet for aluminium in America. Since then Can Do has reclaimed more than 300,000 tonnes of aluminium and the industry has paid the public nearly \$5m. for the cans collected. Can Do now has more than 125 re-cycling sites.

The beverage can has proved in America to be the key to a vigorous collection programme for household aluminium waste. It has never proved easy to reclaim foil and packaging. But the cans are easily separated from other waste and transported to collection centres. In Britain such a drive must depend upon the acceptance of the aluminium can. Alcoa is making the necessary aluminium strip but the can-makers

are keeping their options open by using both tin-plate and aluminium.

The American Can-Do drive has been part of a concerted effort to clean up communities throughout the U.S. As such it has benefited from much helpful publicity given to the Clean Community System programme and the slogan Keep America Beautiful. It is a movement aimed at changing the behaviour patterns of litterers and encouraging the separation and return of re-cyclable materials such as aluminium as a natural action.

### Sources

The Americans claim to have identified seven separate sources of litter. Motorists and pedestrians are obvious enough. The five other sources are the poor disposal of household and industrial waste, uncovered trucks shedding bits and pieces along highways, untidy construction sites, and careless managing of the loading and unloading of

vehicles. Those sources have been found to account for more than half the man-made solid waste in American communities.

Re-cycling aluminium shows every sign of being a British and European growth industry as the aluminium beverage can becomes more common and collection systems swing into gear. But there are other interesting sources that can be more fully exploited for the increasingly valuable "bank" of the metal re-circulating in Britain. Greenhouses, outdoor furniture, and pieces of household equipment are rich aluminium sources. The industry would also like to get its hand upon more domestic pots and pans which have come to the end of their lives. More could be done to separate aluminium from cars being broken up.

As growth in the use of aluminium continues it is clear that there will be an increasingly valuable "bank" of the metal re-circulating in Britain. Given time aluminium collection and recovery could reach something like the importance now accorded to ferrous scrap

recovery which is recognised as playing a vital part in the steel industry cycle.

Cleaning and recovering the used metal has called for a programme of technical development. International Alloys, an Alcoa British company, has done a lot of research as the leading British secondary metals smelter. The company developed a salt flux recovery plant which recycles metals and about 100 tonnes of industrial salt a week. Last year the U.S. bought a giant recovery plant with a 30,000 tonnes a year output from Newell Dunford Engineering operating under licence from Intel. Intel has also developed a swarf dryer for removing oil and moisture from aluminium machine turnings which are a

useful scrap source. The trend in the secondary metals industry is towards pre-treatment of scrap destined for the secondary smelter. In cleaned, dust is removed, the aluminium pieces reduced to small sizes for easy handling.

Secondary smelting and recycling are developing together. Aluminium foil packaging recovered in quantity is present for the smelter. A national recycling programme is expected to develop throughout Europe. The need to recycle and its associated costs are forcing the secondary smelter to carry out new research pre-treatment and methods.



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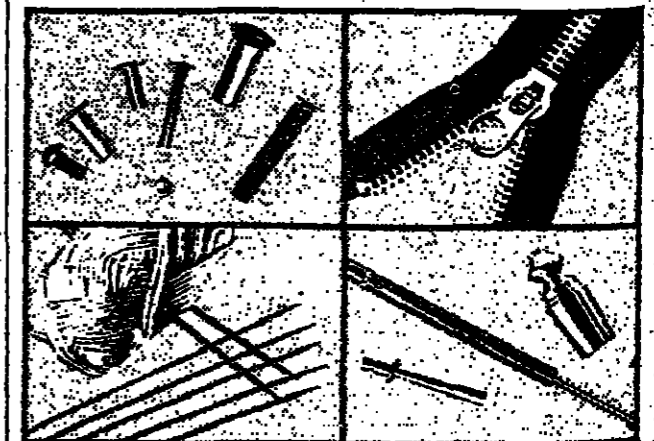


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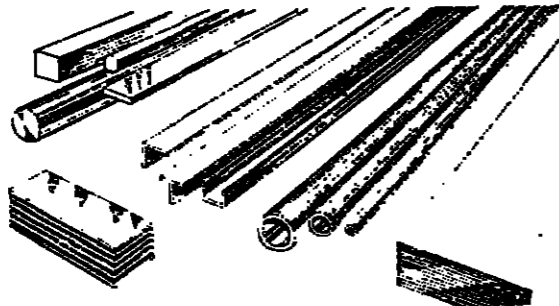
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## Bigger role for stockholders

TRADE IN aluminium, it is said, is so quiet that when a modest order drops through the letterbox the noise can be heard all over the plant. That is, of course an exaggeration, but that the comment is made at all illustrates the plight of the industry. The cautious optimism expressed in the early part of the year was dissipated in the continuing flatness of main markets like engineering and building and construction and the postponed replacement of truck and van fleets. The transport market was hit harder by the debilitating tool room strikes at British Leyland and Lucas, and the strikes at Ford, all of which forced motor industry suppliers to cut back on materials intake. In general stockholders usually carry three months stocks. They now hold on average about six months, so it will need a powerful stimulus

one would expect some casualties among the weaker and smaller independents, but this is not happening on any noticeable scale, nor are mergers at all an obvious feature. It seems that, once again, the stockholding sector will pull through, if not unscathed at least not significantly depleted in numbers. "But I wish," sighed one big stockist, "we had a snar pricing policy," a sentiment that will no doubt be widely echoed.

### Improvement

While hope springs eternal, on any realistic view the fourth quarter is going to be no better than the summer has been, and there are precious few signs that the first quarter of next year will be any better either. There is some modest prospect that the reduction in mortgage rates will get the building industry out of the trough, that the general engineering industries will respond to the package of incentives Mr. Healey is preparing, and that companies and hauliers will feel confident enough of the future to modernise their fleets of vans and trucks. A spring upturn would then become a more dependable forecast, although one of the imponderables is the stocks held by stockists' customers. There is some anxiety that in too many cases these may turn out to be almost as top-heavy as those of the stockists. Until the upturn comes those who will survive best will have the deepest purses, but even the less financially well off will be able to average any losses in aluminium over other non-ferrous metals like brass and copper in which most of them also deal and which are faring agree that about 15 per cent gross profit on turnover is needed to break even and provide the ability to replenish stocks at replacement prices. In the past two or three years the majors seem to have been operating at 18-22 per cent. To-day some admit to operating margins, but as far as can be at under 15 per cent. In the ascertained aluminium has current phase of the market resisted attachments of this

CONTINUED ON NEXT PAGE

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ALUMINIUM V

# Energy saving a priority

THE PRIMARY production of aluminium is one of the more energy intensive processes in the metals business. Smelters require huge amounts of electricity to operate the chemical process which separates white aluminium from bauxite and as a result energy is not only the aluminium industry's major overhead expense it is one which can vary to a quite striking degree.

The cost of energy has historically been a headache to the aluminium smelter: since the oil crisis of 1973 the problem has been seriously compounded. Speaking at the fifth annual general meeting of the International Primary Aluminium Institute, Mr. Ronald Utiger (managing director of the British Aluminium Company) told members that the major changes in energy costs are in motion by OPEC had not yet found a new equilibrium. Mr. Utiger's words are rarely four and a half months old.

## Problems

Members of the IPAI will have needed little reminding of their energy problems, but Mr. Utiger's thumbnail sketch of the industry's worldwide cost structure provide a worthwhile and as to assess reflection of the aluminium industry's expenses.

He pointed that those processors lucky enough to enjoy long-term energy contracts for hydro-electric power—and over 10 per cent of the world's aluminium is produced from his source of power—may still be enjoying relatively low prices. Those smelters entirely dependent on imported oil—mid-1970s. In 1975, world output of aluminium fell by roughly counts for almost an eighth to a tenth to 9.7m. tonnes and world output—may be facing lower costs that are currently a factor of six.

Thus the swings in costs and structure are massive. Rising

costs have recently closed some plants in the U.S. which were dependent on natural gas for energy. The problem is not only that a large block of firm power is now difficult and expensive to obtain but there is also great uncertainty about the future trend of energy prices. Even the huge Bonneville Power Authority in the U.S. has given notice that it may not be able to renew existing power contracts when they fall due in the 1980s.

Mr. Utiger noted that not even the oil producing areas were free of this particular problem. "In so far as a power station there may be fuelled by fare gas which is otherwise wasted, then genuinely cheap power is possible. But if the power station is to be fuelled by oil or gas which could otherwise be sold at the world price, or kept in the ground for later sale at an even higher price, then this is not a genuinely cheap energy—it is just priced unrealistically to subsidise industrial development."

## Arguments

Meantime, the energy arguments continue to rage. Some say that the dependency of aluminium on major sources of electricity ensure that it is headed for the role of a minor metal in small specialist fields; that high costs will eventually price it out of its markets. The proponents hit back by pointing to qualities within the metal that in real but sometimes hard to define terms that can be an energy saver.

In a recent brief on energy conservation, the IPAI suggested that in the total system from mine to end product aluminium can be a major energy saver in comparison with other materials providing related quality services. Used to reduce dead-weight and therefore energy consumption the low density of aluminium offers directly calculable savings in energy.

It is this total computation of energy used during the life of products made from aluminium which reassures the metal's producers.

For example, in a large number of cars used in many countries the use of aluminium has resulted in a saving in weight often equivalent to that of one passenger. This means that during the entire life of the vehicle its petrol consumption will, in theory, be reduced. This sort of saving, repeated over millions of vehicles, becomes of major significance.



The aluminium roofed buildings house Alcoa's new £35m. rigid container sheet mill at Wainarhydd near Swansea.

## Stockholders

CONTINUED FROM PREVIOUS PAGE

kind with flying colours.

Its importance in energy conservation, particularly in transport, has become enhanced because of its weight saving properties, and as a structural and engineering material its qualities are more widely appreciated. If transport, for instance, upon which the world depends for its trade, is to spin out reserve fossil fuels then it will have to turn to lightweight metals and alloys which are sufficiently cost effective. Titanium, for example, seldom falls into this category; aluminium does.

The Americans are especially concerned with energy conservation, one reason being that they import around half their requirements of oil. The Environmental Protection Agency, which is charged with overseeing such matters, has made one of the more penetrating studies of the problems, and has come to the conclusion that each pound of aluminium used in a car can save two or three gallons of petrol over the life of the car. It believes it possible by the early 1980s for aluminium to be saving up to 600 gallons of petrol in the average car.

Not all of this business, of course, is going to flow through stockholders. But certainly an increasing proportion should do. Non-ferrous stockholding interests have been less ready than their counterparts in the steel industry to offer such a wide range of services in terms of cutting, slitting, and generally in shaping the metal to the exact requirements of a customer so that he needs to do only the minimum amount of additional work, and preferably none at all, before putting it to work on the production lines. This is partly because mills traditionally have dealt direct with customer needs, and partly because of the differences in demand patterns. Nevertheless, investment by the major groupings in the industry like British Aluminium, Alcan, Alcoa and others in installing plant and equipment of an increasingly sophisticated character is going ahead quite strongly despite the recession. In this they are leading to follow the lead of Alcoa, the Amal subsidiary, one of the first to exploit the potential of offering specialist services, though none seem yet to have entirely embraced its philosophy of making use of local specialist metal processors in order to allow it to press ahead faster with a more widely dispersed organisation carrying a full complement of stocks.

Continuing inflation, even at a slower rate, and the need to put a major effort into modernisation and marketing on the part of aluminium's major customers practically ensures that they will seek to carry minimum stocks well below what are now considered minimum—in other words, stockholding activities will become even more indelibly linked with fabrication. Since this trend became easily discernible in the 1950s it has gone faster and further in the rolled products such as sheet. Stockholders are now responsible for handling some 30 per cent of metal coming on to the market, and the percentage is tending to increase steadily. The other side of the market, extrusions and tube is in the hands mainly of independent small operators whose lead times are so short that they can offer a service highly competitive with the established stockists, whose share of 20-22 per cent remains rather static. But perhaps the final logic of striving to give added value to the intake is that besides catering more exactly for the customer it also provides higher profits. This implies strong identification with the market. It is possible that in retrospect this period in the development of stockholding will be looked upon as a watershed that marked the difference between merely taking in material from the mills and selling it, to a full-fledged market-orientated operation.

Jeffrey Brown

Peter Cartwright



1. Who supplied the roof structure of the recently built El Nilein mosque in the Sudan? 2. Who manufactures the largest precision drawn tube in Europe? 3. What is the link between a beer barrel, a modern fighter aircraft, a pilfer proof bottle cap and a lamp post? 4. What have Norwich, Belfast, Paris, Romsey, Glasgow and Bristol in common?

You have two minutes starting from now.



### Answers:

1. BACO—Their Contracts Division specialise in the design, supply and erection of lightweight structures anywhere in the world. A recent project was the El Nilein mosque for which Baco Contracts Division constructed and clad the complete roof structure.

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**Baco Contracts Division**

2. BACO—Their Extruded Products Division supply the widest range of drawn aluminium tube in Europe from under 3 mm to over 500 mm diameter in a variety of alloys and shapes including tapered, stepped and heavy ended.

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**Baco Extruded Products Division**

3. BACO—Its Rolled Products Division supplies

aluminium sheet, strip and circle for use in a wide variety of consumer and industrial products. Applications range from beer barrels to factory cladding, from lithographic plates to bus roofs, from cooking foil to car trim.

**Baco Rolled Products Division**

4. BACO—Each location forms part of a network of stockholders throughout the UK, and now spreading into Europe which provides a comprehensive service to the construction and engineering industries.

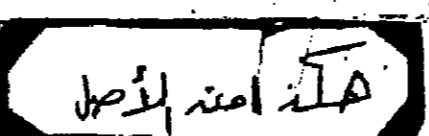
Products from their catalogues can be specified in

the knowledge and confidence that they are readily available and will be delivered without delay.

The product range is supported by a fabrication service which can range from individual operations such as cutting or welding to the manufacture of complete products in aluminium. **Baco Stockholder Division**

**BACO**  
The British Aluminium Company Ltd.

The questions and answers above feature just four of the specialist Divisions in the Baco Group. For more detailed information concerning their activities or those of the Baco Group as a whole, please write to: Marketing Services Department, The British Aluminium Company Ltd, 7 Baker Street, London W1M1AB.



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# A revolution in the foundry

IF THE current U.K. industrial strategy programme achieves little else, it will certainly have revolutionised the foundry industry. Evidence that the supply of castings of all types provided a major bottleneck problem for engineering industries at times of buoyant demand in the past is overwhelming. So, to encourage the foundries to undertake the vital investment in £90m, by way of grants—£70m, for the ferrous foundries and £20m, for the non-ferrous foundries.

It is estimated that around 400 of the 600 or so non-ferrous foundries are producing aluminium castings. The Non-Ferrous Foundries Sector Working Party (SWP) at the National Economic Development Office, when examining the industry's problems, concluded that the industry was short of finance for working capital, for both productive investment and investment in the equipment necessary to attract and retain labour, as well as finance to meet the statutory requirements of the Health and Safety at Work Act and forthcoming anti-pollution legislation.

It was admitted that the industry had been slow to invest in the plant and machinery necessary to modernise and improve working conditions which are generally hot, dirty and noisy and have given the industry a very poor image. The problem has not been helped by the low barriers to entry which existed in the past as far as aluminium foundries are concerned. The cost of a pressure diecasting machine has been relatively low and many "under-the-arches" operations sprang up. The Health and Safety legislation has put an end to this and the cost of diecasting machines has risen substantially—a new one costs between £80,000 and £100,000 and this upward movement has been reflected in the second-hand market.

The large number of small and the procedures and documentation such schemes must necessarily involve, recently industry short of investment interest. By September 9 there minimum foundries tend to be had been 69 formal approaches "Cinderella" operations within to the Department. Of these 17 large engineering groups and had been approved and these

would attract £1m of assistance towards investment totalling £4m. The 32 outstanding applications represented £18m, of investment which might need £4m in grants. On top of that there were 40 possible projects under serious discussion which had not yet reached the stage where formal applications had been submitted.

The SWP also raised other important points in its examination of the industry's problems. It pointed out that detailed considerations about a medium-term strategy for the non-ferrous foundries depend to a large extent on a view about the future demand for castings. At present, companies in the industry and the trade associations do not have adequate knowledge about markets by end users, by industries and, to a lesser extent, by countries.

The SWP expressed particular concern about the future of the U.K. car industry and about the impact of the changing policies of the other major international car manufacturers on the demand for non-ferrous castings.

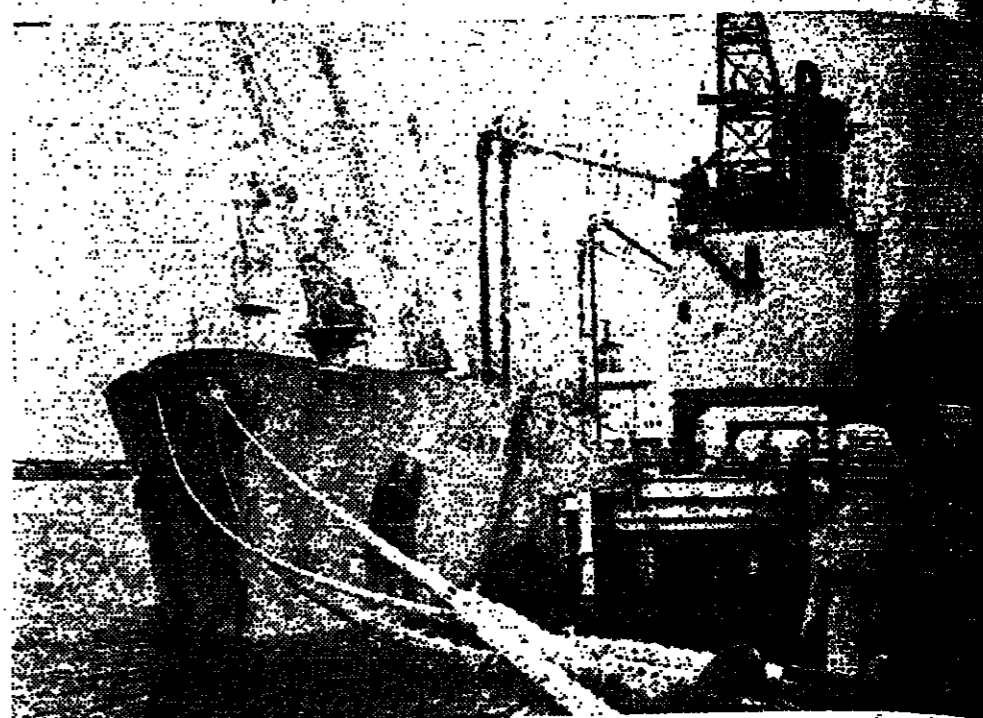
This latter point led to a small fact-finding exercise by NEDO staff who simply visited a number of leading European car companies to see how far they were willing to consider British suppliers for non-ferrous castings.

They found that in Sweden and France, companies like Saab-Scania, Volvo and Chrysler/Simca already import a substantial proportion of their castings and were generally well-disposed towards considering more British suppliers. Against this, visits to Germany and Italy suggested that there was a much tougher prospect for potential U.K. foundry exports. In the case of Fiat in Italy—the investigators found a highly efficient aluminium foundry operation with substantial excess capacity and a keen hunger for export markets—including the U.K.

The follow-up to this exercise has been left to the individual companies. The NEDO papers have pointed to the opportunities, it is up to individual companies to see if they can be seized. In essence it was a reminder to the industry: "Don't forget the overseas markets."

The European car investigation has been followed by one designed to discover more about the possible demand from the domestic appliance manufacturers in the U.K. This was carried out by the Programme Analysis Unit of the Department of Industry and its results are now ready for the industry to discuss.

But the fact remains that the motor manufacturers are—and are likely to remain—the aluminium foundry's biggest customers. Aluminium alloys are used in a wide range of engineering and consumer goods but the automotive industry accounts for 55 per cent of demand. Domestic and office equipment are far behind accounting for 14 per cent, while electrical engineering is



Alumina ships tied up at Anglesey Aluminium's jetty.

in third place with 9 per cent. So far the U.K. motor industry has shown decided resistance to aluminium castings. However, there is the possibility of a major shift from cast iron to aluminium alloy cylinder heads, such as are now generally used in quality and sports-type cars.

On the Continent most of the small engines are made entirely of aluminium except for cylinder liners. Fiat, Renault and Peugeot, for example, all use aluminium extensively. In the U.K. all but a few cylinder blocks are in cast iron and aluminium cylinder heads are the exception rather than the rule. The Rolls-Royce and Rover 3500 engines (the latter also used in the Range Rover) are among the very few examples of the all-aluminium type.

Indeed, in spite of the growing use of light alloys for clutch and gearbox housings, carburetors, pump bodies and other components, only some 15 lbs of aluminium per car is said to be used.

## Decision

Neither Ford nor British Leyland use aluminium in any significant quantity. Ford in particular concentrating mainly on light-weight iron castings. After all, both have huge investments tied up in iron foundries and a decision to move from cast iron to light alloy technology would require multi-million pound programmes and a long learning curve likely to be fraught with problems and dangers.

British Leyland's £100m. foundry revitalisation programme, currently under consideration, would involve a new aluminium foundry which suggests to some observers that the group is considering an aluminium engine for the proposed new Mini.

The need to stretch energy resources to their utmost and the steadily tightening band of technical restrictions in the U.S., Japan and elsewhere, makes aluminium a beneficial alloy to use, despite the high initial demands on electrical energy to produce it. The improved fuel consumption stemming from lighter vehicle weight and improved performance of aluminium cylinder heads — which help to reduce harmful exhaust emissions — point to a growing use of aluminium by the U.K. car makers.

And the indications are that the aluminium foundries are now willing to invest and get themselves into much better shape for the future, whatever that future might hold.

Kenneth Gooding

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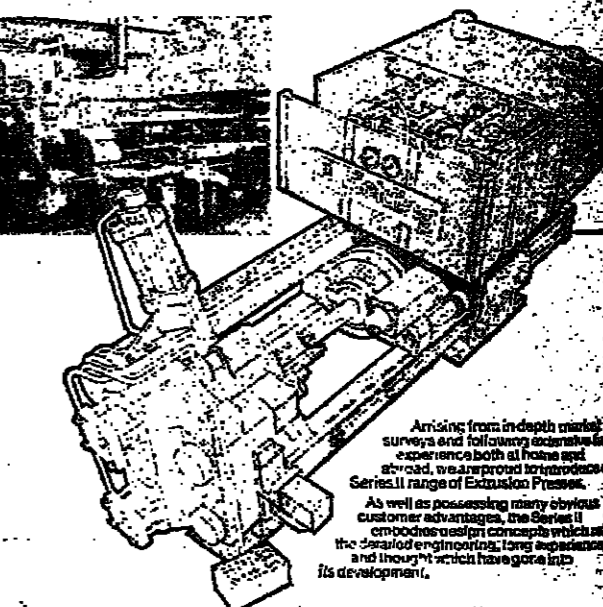
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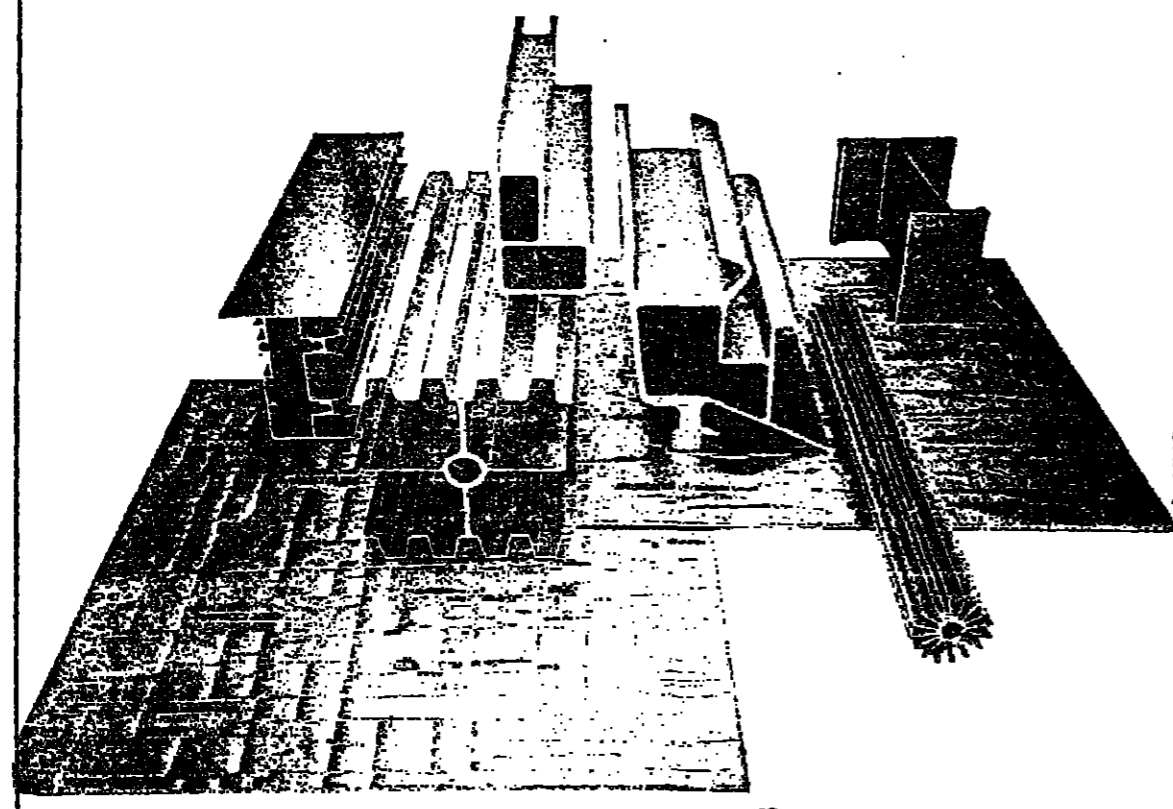
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London tin reaches new peaks

By Our Commodities Staff

FRESH increases in the Straits price and an enthusiastic market in New York helped boost tin prices on the London Metal Exchange to new heights yesterday. The cash price for standard tin climbed \$125 on the day after yesterday's slip, and closed at \$8,895 a tonne.

Israel plans farm trade expansion

By Our Own Correspondent

TEL AVIV, Oct. 5. ISRAELI farmers are planning to expand their exports of fresh agricultural produce during the season just started by 25 per cent to \$430m, and by a further 20 per cent in the farm year starting in October next year.

Ukraine heads for a record harvest

By DAVID SATTER

PRELIMINARY harvest results in the Ukrainian Republic, the Soviet Union's second largest grain growing area, indicate that the Ukraine will have the largest harvest in its history this year.

Sugar market perks up as Geneva deadlock ends

By CHRISTOPHER PARKES

WORLD sugar prices on the London terminal market bounded ahead yesterday in response to the news from Geneva that a new five-year International Sugar Agreement should be ready for signing by Friday.

burdened by surplus stocks in the new year. This could have serious effects on the short-term and reduce the effectiveness of the new deal in its early stages. In Washington Mr. Bob Berg, U.S. Agriculture Secretary, said he would recommend that the U.S. Senate should approve American participation in the new ISA next year.

Cocoa crop increase forecast

THE LONDON-based Holo Trading Company has forecast that world cocoa production could exceed 14.5m tonnes in the 1977-78 season, compared with recent market estimates of 13.5m tonnes.

In a report published yesterday the company said the higher figures were due to improved production prospects in West Africa and Brazil. West African output could rise 100,000 tonnes. In Brazil indications for the main crop show an improvement over last year of between 15,000 and 20,000 tonnes.

Expansion goes on in spite of slump

METALS IN PERU

By ROBERT DEL QUIARO, RECENTLY IN LIMA

THE PERUVIAN copper industry is set firmly against a cut in production. It is pressing ahead with greatly increased output this year and with plans for further expansion in the rest of the decade.

This year (compared with 230,000 tonnes last year), of which Cuzajone should contribute 180,000 and Toquepala 120,000. Last year, Peru earned \$750m from mining exports, which represented 54.8 per cent of total export earnings. And it seems probable that Peru would be the last copper-producing country to concede that the market is too depressed for expansion to continue.

Cod price 'panic' criticised

By RICHARD MOONEY

THE U.K. fish trade yesterday described forecasts that cod prices could be forced up to £1.30 a pound as a result of Russian exclusion of EEC vessels from the Barents Sea as a panic reaction.

Even the higher Grimby price would only be equivalent to 85p a pound filleted at the quayside. Merchants agreed that on this basis there seemed no reason to expect retail prices to go anywhere near £1.50 in the near future. Industry sources also thought that the link between the Russian action and the rise in prices was being overplayed.

Hectic dealing as coffee prices tumble

By Our Commodities Staff

REPRINTS of further Colombian coffee prices that Brazil was selling in Algeria, sent coffee prices tumbling on the London futures market yesterday afternoon. The January price closed \$43 lower at \$1,892.5 a tonne.

Bumper years for potato men

By CHRISTOPHER PARKES

BRITISH farmers made spectacularly high profits in 1977 when bad weather cut potato yields by 40 per cent. As a result, farmers' profits soared for ever-scarcer supplies of potatoes.

Costs also risen sharply in the past two years, however. In 1974 it cost the average British grower £276 to grow an acre of potatoes. This year the bill is estimated at £547. Since 1974 the cost of seed for an acre has risen from £38 to £200.

COMMODITY MARKET REPORTS AND PRICES

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for BASE METALS, COPPER, and TIN.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for COFFEE, GRAINS, and WHEAT.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for SOYABEAN MEAL, SUGAR, and WOOL FUTURES.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for METALS, COTTON, and RUBBER.

Second European Commodity Conference November 7, 8 & 9 - Paris Sheraton. With the participation of the Chairman of the Chicago Board of Trade...

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Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for SILVER and COCOA.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for MEAT/VEGETABLES and SMITHFIELD (per pound).

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for JUTE and DUNBEE.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for COTTON and RUBBER.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for MEAT/VEGETABLES and SMITHFIELD.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for JUTE and DUNBEE.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for METALS and COTTON.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for RUBBER and MEAT/VEGETABLES.

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for JUTE and DUNBEE.

STOCK EXCHANGE REPORT

Markets firm on speculation about cut in MLR
Index up 4.0 at 516.8 after 509.1—Short Gilt gains to £1

Account Dealing Dates
Option
First Declared Last Account
Dealings were allowed Daily
Oct. 3 Oct. 13 Oct. 14 Oct. 25
Oct. 17 Oct. 27 Oct. 28 Nov. 8

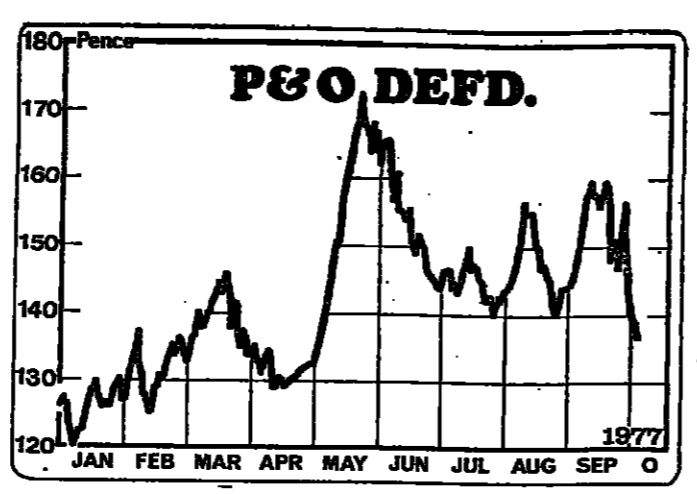
market-related formula to-morrow.
The shorts naturally attracted an
increased volume of business but
medium-dated stocks too were
active and the Government broker
withdrew his selling price of 87 1/2
for supplies of Exchequer 3 per
cent. 1983; any continued demand
could easily see exhaustion of the
stock to-day. A brisk interest also
developed in the short tap,
Treasury 81 per cent. 1982. Little
of note occurred in Corporation
with the exception of the recently-
issued Southern Rhodesian loan at
1854-55, which rebounded nearly a
point to 212 1/2, in 510-paid form.
Light selling in the absence of
any demand produced a reaction
in Southern Rhodesian loan at
the 6 per cent. 1978-81, stock
gave up 4 1/2 to £70.

and Fisons, similarly better at
347p.
A poor market recently on the
combination of adverse Press
comment and a broker's sell
recommendation, Rascal Electronics
recovered 12 to 232p. Other
Electronics made little show apart from
BIOC, which gained 7 to 127p. EMI,
in front of to-day's results,
remained unsettled and shed a
penny more to 217p. Plessey eased
the same amount to 106p, while
GEC lost 2 to 278p.
Store shares steadied after the
previous day's reaction. Among
the leaders, Gus A reacted to
firming 5 to 76p and ACE
awaiting news of its recent bid
approach. A small improvement
in annual profits failed to help
Thames Press 2 1/2 lower at 58p, but
further consideration of the chair-
man's encouraging annual report
left Maynards 3 better at 100p.
Bealson Clark encountered profit-
taking and lost 12 to 175p, but
E. Fogarty contrasted with a rise
of 8 to 88p.

national Investment Trust of
Jersey gained 4 to 142p and
Camella Investment 5 to 230p.
Jardine Securities were quoted 5
cheaper at 96p ex scrip issue.
In Financials, S. Pearson 5 to
197p awaiting to-morrow's interim
statement.
In Textiles, Courtaulds moved
up 4 to 127p, while Mackinnon of
Scotland hardened 2 to 14p on the
financing arrangements.
Shippings were dominated by
the performance of P. & O.
Deferred, standing at 141p
ahead of the interim results, the
share improved in active trading
trading to 147p on figures in line
with market estimates before
meeting with aggressive selling
and closing 2 1/2 off at 136 1/2p, after
155 1/2p.
Among Papers, the interim
results failed to help Bondi
Palp, which eased 2 to 110p. Scattered
gains in Publishers included
Pearson Longman, 4 dearer at
185p.

Interest in Motors was mainly
concentrated on Garage issues
which attracted a reasonable two-
way business and closed firmly.
Godfrey Davis finished 2 1/2 harder
at 79 1/2p, while Adams and Gibson
and Galfry, 94p, both
closed around 3 higher. Lex
Service hardened a penny to 79p as
did BSG International, to 39p.
Elsewhere, Dewey firmed 2 to
158p and Dunlop 3 to 100p.
Among Papers, the interim
results failed to help Bondi
Palp, which eased 2 to 110p. Scattered
gains in Publishers included
Pearson Longman, 4 dearer at
185p.

Saint Piran firmer
In generally quiet mining mar-
kets, Saint Piran were actively
traded among Tins. Drawing
benefit from the cover-subscription
of the South Crofty offer, the
shares advanced 6 to 80p. Geveor
also gained ground, with a rise
of 10 to 490p, but the Malaysian
issues were thinly traded.
London-based Financials were
subdued although steady, for
most of the day, but in late trading
a flurry of business took
Charter up to 151 for a gain of 7,
RTZ was 10p better at 89p and
Consolidated Gold Fields 3 harder
at 210p.



FINANCIAL TIMES STOCK INDICES
Table with columns for various stock indices and their values.

HIGHS AND LOWS S.E. ACTIVITY
Table showing high and low prices for various stocks and active stock activity.

ACTIVE STOCKS
Table listing active stocks with columns for Denomination, No. of Shares, Closing Price, and Change on Day.

NEW HIGHS AND LOWS FOR 1977
Table listing new highs and lows for various stock categories.

RISES AND FALLS YESTERDAY
Table showing rises and falls in various stock categories from the previous day.

THE BRITISH LAND COMPANY LIMITED
In connection with the Refinancing Proposals set out in a letter dated 9th
September, 1977, from the Company to the holders of its 9 1/2 per cent. Un-
secured Loan Stock 1978, its members and Warrant holders the authorised
ordinary share capital of the Company was increased on 3rd October, 1977,
to £28,000,000 and 14,830,647 ordinary shares of 25p each of the Company
were issued. In addition £20,915,324 of new 15 per cent. First Mortgage
Debenture Stock 1987 and £7,707,661 of new 12 per cent. Convertible
Unsecured Loan Stock 2002 have been issued.

RECENT ISSUES
Table listing recent issues of stocks and bonds, including titles, amounts, and interest rates.

FT—ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries
and the Faculty of Actuaries
Table with columns for Equity Groups, Fixed Interest Stocks, and Rights Offers.

SCHEME OF AMALGAMATION
BETWEEN
Save & Prosper Select Income Fund
and Scotinome
(now renamed Save & Prosper Select Income Fund)
The Scheme of Amalgamation
proposed to Holders of Save & Prosper
Select Income Fund and Scotinome at
meetings held on 8th and 9th September
1977 respectively has been duly approved
by Holders in both funds and has
therefore been implemented with effect
from 3rd October 1977.

OPTIONS TRADED
Table listing traded options with columns for Deal, Last Deal, and various option details.

FIXED INTEREST PRICE INDICES
Table listing fixed interest price indices with columns for British Government, 1-5 year, and 5-15 year.

SAVE & PROSPER GROUP
Logo and branding for the financial services group.



AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts listing various funds such as Brown Shipley & Co. Ltd., Guardian Royal Ex. Unit Mgrs. Ltd., and others, with columns for fund names, managers, and performance metrics.

Table of Offshore and Overseas Funds listing various international investment funds such as Arbuthnot Securities (CI) Limited, Fidelity Mgmt. & Res. (Idd.) Ltd., and others, with columns for fund names, managers, and performance metrics.

BASE LENDING RATES

Table of Base Lending Rates listing various banks and their respective lending rates for different terms and currencies.

LEADERS AND LAGGARDS

Table of Leaders and Laggards showing the percentage change in share prices for various companies, categorized by industry.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds listing various insurance and investment products such as Abbey Life Assurance Co. Ltd., Equity & Law Life Ass. Sec. Ltd., and others, with columns for product names and details.

NOTES

Textual notes and commentary regarding the financial data presented in the table, including market observations and analysis.

CLIVE INVESTMENTS LIMITED

Advertisement for Clive Investments Limited, providing contact information and details about their investment services.

INSURANCE BASE RATES

Table of Insurance Base Rates listing various insurance policies and their corresponding base rates.

Telford Modernising the Midlands For full information contact: Telford, B.Sc. Est. Man. Dip. EP. Telford Development Corporation, Carisle Hall, Telford, Shropshire TF1 9NT. Tel: Telford (0952) 615131.

FT SHARE INFORMATION SERVICE

HOTELS—Continued

AMERICANS—Continued

BUILDING INDUSTRY—Cont.

DRAPERY AND STORES—Cont.

ENGINEERING—Continued

INDUSTRIALS (Miscel.)

\*\*BRITISH FUNDS

Table of British Funds including Treasury, Short-term, and Five to Fifteen Years categories with columns for High, Low, Stock, and Yield.

Five to Fifteen Years

Table of Five to Fifteen Years funds including Treasury, Short-term, and various equity funds.

Over Fifteen Years

Table of Over Fifteen Years funds including various equity and income funds.

Undated

Table of Undated funds including various equity and income funds.

\*\*INTERNATIONAL BANK

Table of International Bank funds including various global equity funds.

\*\*CORPORATION LOANS

Table of Corporation Loans including various corporate bond funds.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans including various international equity funds.

LOANS (Miscel.)

Table of Miscellaneous Loans including various bond and equity funds.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails including various international equity and bond funds.

AMERICANS

Table of American stocks including various US equity funds.

CANADIANS

Table of Canadian stocks including various Canadian equity funds.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase stocks including various financial and utility stocks.

Hire Purchase, etc.

Table of Hire Purchase, etc. stocks including various financial and utility stocks.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits stocks including various consumer goods stocks.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads stocks including various infrastructure and construction stocks.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks including various industrial and chemical stocks.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV stocks including various entertainment stocks.

DRAPERY AND STORES

Table of Drapery and Stores stocks including various retail and clothing stocks.

ELECTRICAL AND RADIO

Table of Electrical and Radio stocks including various electronics and electrical stocks.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools stocks including various industrial and engineering stocks.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. stocks including various consumer goods and food stocks.

ENGINEERING—Continued

Table of Engineering stocks including various industrial and engineering stocks.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools stocks including various industrial and engineering stocks.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. stocks including various consumer goods and food stocks.

HOTELS—Continued

Table of Hotels including various hotel chains and properties.

INDUSTRIALS (Miscel.)

Large table of Industrial (Miscellaneous) stocks including various industrial and manufacturing companies.

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